



Exhibit Number	:	_____
Commissioner	:	<u>Michael R. Peevey</u>
Admin. Law Judge	:	<u>Mark S. Wetzell</u>

DRA

**Division of Ratepayer Advocates
California Public Utilities Commission
State of California**

MONITORING AND EVALUATION REPORT

August 1, 2005 – July 31, 2006

ON

**SAN DIEGO GAS & ELECTRIC COMPANY'S
PERFORMANCE-BASED RATEMAKING
GAS PROCUREMENT ANNUAL REPORT
Application 02-10-040**

YEAR 13 RESULTS

**San Francisco, California
March 8, 2007**

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SDG&E's Gas Procurement PBR - Year 13 Results

A. 02-10-040

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Chapter 1

EXECUTIVE SUMMARY

1.1 Summary

This report sets forth the Division of Ratepayer Advocates (DRA) Year 13 audit review of the San Diego Gas and Electric Company's (SDG&E) Performance Based Ratemaking (PBR) Mechanism for natural gas procurement. SDG&E's Year 13 Gas Procurement Annual Report (Annual Report) was filed on October 31, 2006 for the PBR period beginning August 1, 2005 and ending July 31, 2006. SDG&E's Annual Report is filed as an annual filing under A. 02-10-040 and in accordance with "agreed-upon modifications" authorized in Decision (D.) 03-07-037.¹ In its filing, SDG&E is requesting a reward of \$2,281,913. Based on its audit and review, DRA concurs that SDG&E's shareholders are entitled to the requested reward.

DRA has confirmed the data reported in the SDG&E Annual Report for Year 13 which was submitted along with its application. The detailed DRA audit workpapers on SDG&E's PBR mechanism, supporting the ratepayer and shareholder shared savings relative to the benchmark, are contained in Appendix A to this report. DRA has reviewed and concurs with these calculations. DRA generally concurs with SDG&E's assessments and responses to the standard monitoring and evaluation process questions as required by D.98-08-038.

DRA's audit review of SDG&E's PBR is discussed in Chapter 2 of this report. The discussion in Chapter 2 includes details regarding: (1) the audit scope and program, (2) volume purchases, (3) market benchmark components, (4) the deadband calculation, (5) the actual gas cost components, (6) reconciliations, (7) prior period adjustments, and (8) the audit findings. DRA's audit confirms SDG&E's

¹ Decision 03-07-037 approves a settlement agreement between SDG&E and ORA to continue the incentive mechanism with modifications applying to Year-10 and beyond. The original incentive program was created in compliance with the Commission's Decision 93-06-092 for a two-year experimental program and was further enhanced in D.98-08-038. In that decision, the Commission authorized the implementation of a modified and more permanent five-year Gas PBR mechanism, in addition to an advice letter process for resolution of Gas PBR rewards and penalties.

calculations of the PBR Year 13 total shared costs and shareholder's reward which is summarized in Table 1-1.

TABLE 1-1
Summary of PBR Reward Calculation

Line			
1	Commodity Benchmark Costs		\$384,026,523
2	Less: Actual Commodity Costs (incl. Derivative gains)		<u>371,058,705</u>
3	PBR mechanism savings	(line 1 less line2)	<u>\$12,967,918</u>
4			
5	Lower Tolerance Band @ 1% below benchmark*	(Line 1 x 1%)	<u>3,840,265</u>
6	Ratepayer/Shareholder Shared Savings	(line 3 less line 5)	<u>9,127,653</u>
7			
8	Shareholder Computed Reward	(line 6 x 25%)	<u>\$2,281,913</u>
9	Ratepayer Savings under existing PBR mechanism	(line 5 + 75% of line 6)	<u>\$10,686,005</u>

In Year 13, SDG&E generated gas PBR savings of \$12.97 million, of which the ratepayer share was \$10.69 million and the shareholders share was \$2.28 million. SDG&E's shareholders reward is recovered in rates from SDG&E's customers based on actual throughput for twelve months in accordance with SDG&E's Gas Tariffs in the Preliminary Statement at Section VII, Sheet 5 (Revised Cal. P.U.C. Sheet No. 13263-G).

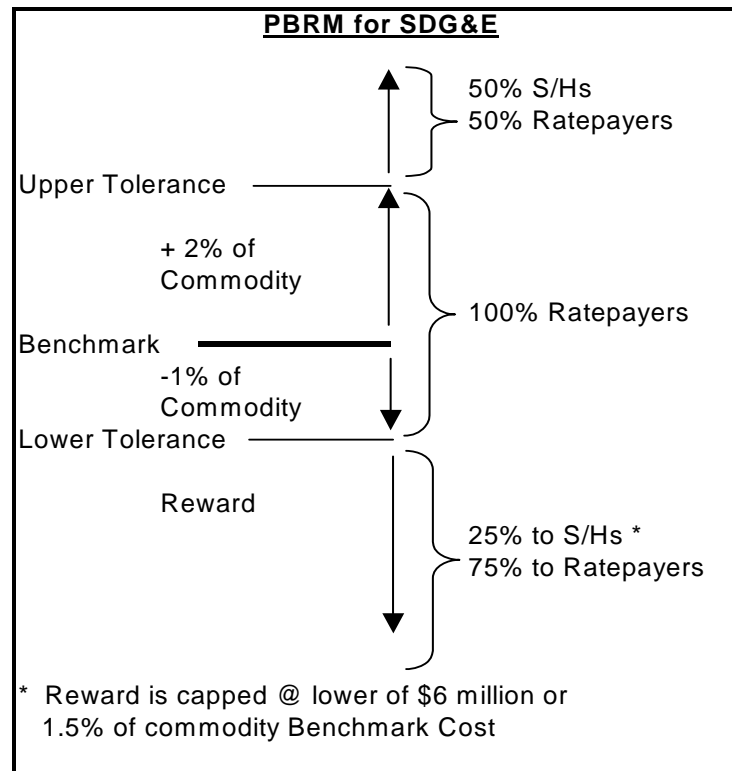
1.2 SDG&E's Performance Based Ratemaking (PBR) Mechanism

SDG&E's PBR Mechanism is designed to provide a measurement of purchasing performance for gas procurement. The benchmark is described in SDG&E's filing as "...a volume-weighted average of basin index prices with actual transportation charges for gas purchased in Canada or the Southwest basins, plus a market index for supplies purchased at the California border."² The procurement costs are allocated to ratepayers at 100% when they fall between an upper tolerance limit (benchmark plus 2% of the commodity benchmark cost) and a lower tolerance limit (benchmark less 1% of the commodity benchmark cost). Costs above the 2% upper tolerance limit are borne 50% by ratepayers and 50% by shareholders. When

² San Diego Gas & Electric Company, Gas Procurement Annual Report Eleventh Results, dated October 29, 2004, P.2.

actual costs are lower than the benchmark costs by 1% or less, all such savings accrue to the exclusive benefit of ratepayers. When costs fall below the lower tolerance band of 1%, the savings are shared 25% (reward) by shareholders and 75% by ratepayers. The annual reward for SDG&E shareholders is limited to \$6 million or 1.5% of commodity benchmark costs, whichever is lower.

The PBR mechanism can be depicted as follows:



1.3 Structure of SDG&E's Electric and Gas Procurement Department

SDG&E's Electric and Gas Procurement Department (E&GP) purchases natural gas supplies and transportation capacity to meet SDG&E's gas customer demands. The five groups that make up the E&GP Department are (1) Core Gas Procurement, (2) Contract Administration, (3) Electric Procurement, (4) Energy Risk Management, and (5) Electric and Gas Settlements.

1.4 D.98-08-038 Monitoring Topics

D.98-08-038 directed that the following topics be addressed in the Gas PBR Annual Reports:

- a. Has the gas procurement PBR mechanism resulted in SDG&E's providing reliable gas supply at competitive rates and with measurable ratepayer benefits?
- b. Does the PBR benchmark, including the California Border Index (CBI) component, remain a valid market indicator for purposes of targeting SDG&E's gas procurement performance?
- c. How do the costs of gas procurement paid by SDG&E ratepayers compare to those paid by customers of other California gas utilities?
- d. Have there been unanticipated consequences of the mechanism, which require Commission action to modify it?
- e. Have there been changes in state or federal regulatory policy, market developments, or other factors which could affect the gas procurement PBR mechanism and which require Commission action to modify it?

SDG&E provided responses to each of the above questions in its filing. In response to questions (a), (c), and (d), DRA's ongoing monitoring and its current annual review provided no information that is contrary to SDG&E's responses. In response to the question in item (b) above, SDG&E has indicated and DRA has noted that "trading at the border and in the basins identified in the Gas PBR remain active and liquid." SDG&E also received Commission approval of its Advice Letter 1558-G, which requested that certain index locations be added and/or changed to better reflect SDG&E's procurement practices.

In its response to item (e) above, SDG&E made reference to A.06-08-026 (commonly known as the "Omnibus" proceeding) which, amongst other matters, seeks to consolidate the gas procurement departments of SDG&E and Southern California Gas Company (SoCalGas) under SoCalGas' Gas Cost Incentive Mechanism (GCIM). The application also requests that SDG&E and SoCalGas perform its winter hedging outside of the incentive mechanisms on a permanent basis. These changes, along with other changes sought in the Omnibus proceeding,

if approved by the Commission would eliminate the SDG&E PBR and require some modifications to the current structure of the SoCalGas GCIM.

1.5 SDG&E's Winter Hedge Program

In D.05-10-043, the Commission approved SDG&E's (and SoCalGas') Winter Hedge Program. This Decision authorized SDG&E to perform its winter hedging outside of its PBR and at the same time established parameters for any winter hedging that SDG&E might undertake under its Winter Hedge Program. Thus SDG&E's shareholders would no longer have a stake in any derivatives that SDG&E might acquire in this context. SDG&E's PBR mechanism therefore does not include the derivative transactions that SDG&E entered into in the context of the Commission's current Winter Hedge program authorized by Commission Decision (D.)05-10-043. These derivative transactions were performed "outside" of SDG&E's PBR mechanism. DRA, with the concurrence of SDG&E, has included a summary of these Winter Hedge derivatives in this report in Workpaper Exhibit A-8. These transactions were performed in accordance with D.05-10-043. SDG&E's derivative transactions outside the PBR mechanism in Year 13 resulted in a loss of \$6,848,518, which accrued exclusively to ratepayers. In the absence of the request granted in D.05-10-043, ratepayers may not have incurred these losses at all. If netted against the ratepayer PBR savings, it would reduce the savings from \$10,686,005 to \$3,837,487. SDG&E's derivative transactions "inside" the PBR mechanism, yielded gains of \$2,780,558. This translated into savings of \$2,085,419 for ratepayers with the remaining gains of \$695,139 accruing to shareholders.

1.6 Audit Findings

As detailed in Chapter 2 of this report, DRA confirmed SDG&E's purchase of 49,361,785 MMBtus for SDG&E's natural gas customers at a cost of \$391,897,718 including variable transportation and reservation costs. This resulted in an average gas price of \$7.939/MMBtu. Gas delivered at the California border into the SoCalGas system represented 31% of the total purchases. Gas purchased directly in supply

basins and transported on SDG&E's firm pipeline capacity comprised the remaining 69% of the total supply portfolio reported in SDG&E's Gas Procurement Annual report on October 31, 2006.

1.7 Conclusion

DRA has audited and confirmed the results presented by SDG&E in the PBR Year 13 report. DRA has confirmed gas PBR savings of \$12.97 million, resulting in ratepayer savings of \$10.69 million and a shareholder reward of \$2.28 million. DRA has also reviewed and generally concurs with SDG&E's assessments and responses to D.98-08-038 monitoring and evaluation process questions. DRA also notes that SDG&E incurred a loss of \$6.8 million under its Winter Hedge Program for the 2005-2006 winter season that was approved in D.05-10-043.

DRA remains committed to monitoring and evaluating the PBR, and identifying any modifications that may be required to further enhance the viability of the mechanism and program. DRA will continue to confer with SDG&E and other parties on a collaborative basis to suggest modifications and enhancements to the PBR program as appropriate. All changes or refinements to the PBR program will ultimately be presented to the Commission for approval.

CHAPTER 2

AUDIT REPORT

2.1 Audit Report Summary

The Division of Ratepayer Advocates (DRA) completed its Year 13 audit review of San Diego Gas and Electric Company's (SDG&E's) Performance Based Ratemaking (PBR) Mechanism for the procurement of natural gas. SDG&E's filing, the Gas Procurement Annual Report (Annual Report), for Year 13, beginning August 1, 2005 and ending July 31, 2006, was submitted in the Application (A.) 02-10-040 docket on October 31, 2006, in compliance with Commission Decision (D.) 03-07-037.

In D.03-07-037, dated July 10, 2003, the Commission approved a settlement agreement between SDG&E and the DRA to continue the incentive mechanism with certain modifications applicable to PBR Year 11 (August 1, 2003 through July 31, 2004) and beyond. DRA confirmed that the information provided in SDG&E's Annual Report is consistent with those agreed-upon modifications.

DRA's audit confirms the calculations of total shared costs and shareholder's reward for Year 13. It also confirms the variance between SDG&E actual costs and the market benchmarks. DRA's workpaper Exhibits A-1 and A-2 confirm the information included in SDG&E's Table G-1 Summary which was provided in SDG&E's Annual Report, dated October 31, 2006.³

DRA confirmed SDG&E's actual gas costs of \$391,897,718 during Year 13, which were \$12,967,918 below SDG&E's benchmark costs of \$404,865,636. SDG&E's PBR compact provides for the entire savings to accrue to the benefit of ratepayers in the event that actual savings are contained within the dead band that extends from 2% above the benchmark commodity costs to 1% below the benchmark commodity costs. Savings in excess of the 1% would yield a reward for shareholders. Any savings in excess of the 1% are allocated 75%/25% between ratepayers and shareholders. With SDG&E's gas commodity benchmark costs at \$384,026,523, the

1% deadband below the benchmark costs is \$3,840,265. In this instance, the actual savings of \$12,967,918 exceeded the 1% deadband of \$3,840,265. Thus the \$3,840,265 of savings within the deadband accrued to the exclusive benefit of ratepayers, and the savings in excess of the \$3,840,265, i.e., \$9,127,653 (\$12,967,918 less \$3,840,265) would be allocated between ratepayers and shareholders. The 75% of \$9,127,653 amounting to \$6,845,740 accrues to the benefit of ratepayers, and the remaining 25% of \$9,127,653 amounting to \$2,281,913 accrues to the benefit of shareholders. The total savings to ratepayers, before taking into account losses under the Commission-approved Winter Hedging program, therefore is \$10,686,005 (\$3,840,265 + \$6,845,740). DRA's Table 2-1 (below) and workpaper Exhibit A-3 in Appendix A show the results of SDG&E's PBR Mechanism, Year 13.

TABLE 2-1 Gas PBRM Results for 2005-2006 PBRM Year-13, Table II August 1, 2005 Through July 31, 2006		
	Purchased Volumes	Year-13 Results
Gas PBR Benchmark		\$ 404,865,636
SDG&E Gas Costs		391,897,718
Benchmark Deadband		412,546,168
Gas Commodity Benchmark		384,026,523
Total Savings	\$	12,967,918
1% Lower Tolerance Band		3,840,265
Shared Savings		9,127,653
SDG&E Shareholder Reward		2,281,913
Ratepayers Savings:		10,686,005
Total Savings	49,361,785	12,967,918

2.2 Audit Scope and Program

DRA's audit in this proceeding is consistent with previous audits as reported in the twelve annual audit reports filed during the PBR mechanism's existence. These audits have included benchmark performance reports and confidential spot gas

³ SDG&E Annual Report, dated October 31, 2006, Table G-1, Monthly Gas Procurement Report, Schedule A.

analysis summaries, the reconciliation of the accounts payable module and the recording of data in the general ledger books or other records.

DRA examined and reconciled the recorded gas and transportation cost (by suppliers and transporters). It also verified any changes that occurred between the detail and the summary reports during Year 13. DRA was able to determine that the recorded costs have been properly accounted for and reported under the PBR Mechanism for Year 13. SDG&E provided DRA with its market benchmark publications for confirmation and review.

DRA reviewed SDG&E's invoices on a random sample basis for the SDG&E trued-up (adjusted for subsequent truing up journal entries) gas year. DRA found that the reconciliations were correct, except for a permanent difference resulting from the gain or loss on sale of derivatives as reported on the general ledger under generally accepted accounting procedures (GAAP) and the gain or loss on sale of derivatives reported by SDG&E's Fuels Department. DRA's Exhibit A-21 workpaper shows the loss on derivatives of \$63,688 reported under GAAP in the general ledger and the gain on derivatives of \$2,780,558 under the "Flowing gas, Economic-transactions," method (Index delivery based valuation methodology) used by SDG&E. The SDG&E Fuels Department has used a "Flowing gas, Economic-Transactions," method in the valuation and calculation of its Year 13 reward and penalty.

The Commission, in D.05-10-043, allowed SDG&E to engage in hedging transactions under its "Winter Hedge" Program. A summary of the winter hedge loss of \$6,848,518 is also shown in Exhibit A-8 of this report.

DRA shows and confirms the SDG&E Table G-1, Monthly Gas Procurement Report, Schedule A for the record of PBRM Year 13 as follows:

TABLE 2-2
SDG&E Table G-1, Schedule A Summary
Gas PBRM Results for Year-13
August 1, 2005 Through July 31, 2006

Month	Total Gas	Benchmark	2%	Gas Commodity	1%	Total	Cummulative	Reward /
2005-2006	Cost	Cost	Deadband	Benchmark	Tolerance Ban	savings	Shared	Penalty
	a	b	c	d	e	f	i	j
Aug-05	\$ 16,951,333	\$ 18,268,353	\$ 18,601,743	\$ 16,669,503	\$ 166,695	\$ 1,317,020	1,150,325	\$ 287,581
Sep-05	30,955,987	30,495,106	31,073,133	28,901,344	289,013	(460,881)	400,431	100,108
Oct-05	46,767,427	46,967,722	47,875,217	45,374,741	453,747	200,295	146,978	36,745
Nov-05	51,065,883	51,973,319	52,975,919	50,129,971	501,300	907,436	553,114	138,279
Dec-05	34,767,312	40,716,495	41,500,623	39,206,417	392,064	5,949,183	6,110,233	586,884
Jan-06	56,865,133	58,381,934	59,512,843	56,545,451	565,455	1,516,801	7,061,580	1,765,395
Feb-06	31,088,257	31,771,594	32,370,909	29,965,715	299,657	683,337	7,445,260	1,861,315
Mar-06	24,551,147	25,114,671	25,580,681	23,300,500	233,005	563,524	7,775,779	1,943,945
Apr-06	33,588,146	33,617,243	34,255,530	31,914,339	319,143	29,097	7,485,732	1,871,433
May-06	28,791,692	28,986,779	29,529,815	27,151,805	271,518	195,087	7,409,301	1,852,325
Jun-06	18,988,162	19,907,623	20,268,263	18,032,004	180,320	919,461	8,148,442	276,579
Jul-06	17,517,239	18,664,797	19,001,492	16,834,733	168,347	1,147,558	9,127,653	2,281,913
Totals:	\$ 391,897,718	\$ 404,865,636	\$ 412,546,168	\$ 384,026,523	\$ 3,840,265	\$ 12,967,918	\$ 9,127,653	\$ 2,281,913

2.3 SDG&E's Purchase Volumes by Source

SDG&E purchased 49,361,785 MMBtus for its natural gas customers during Year 13 at a total cost of \$391,897,718, resulting in an average gas cost of \$7.939 per MMBtu.⁴

DRA's Table 2-3, entitled "Summary of Monthly Purchase volumes" summarizes the actual monthly volumes procured by SDG&E and reported in its Annual Report for Year 13, Table G-2 (Monthly Gas Procurement report, Schedule B). SDG&E's purchases of natural gas from the Southwest, Rockies and Canadian gas supply basins and its transport of this gas on its firm pipeline capacity into the SoCalGas system represented 69% of SDG&E's total purchases. Spot gas purchased at the California border for delivery into the SoCalGas system made up the remaining 31% of SDG&E's supply portfolio. Southwest gas purchases accounted for 57% of the gas purchased from the supply basins, Rockies accounted for 5%, and Canadian purchases accounted for 38%. Additional volumes of gas were purchased and resold off the SDG&E system during the period to capture arbitrage benefits. These gains

were in turn used to reduce the total customer gas costs. Table 2-3 and workpaper Exhibit A-10 confirm the SDG&E purchase volumes reported.⁵

TABLE 2-3
Summary: Table G-2, Schedule B, Monthly Procurement Volumes
August 1, 2005 through July 31, 2006
PBRM Year-13 in MMBtus

Month Year	Basin Vols. EP/TW	Basin Vols Volumes	Southwest Other than	Kern River	California	Canada	All Other (Arbitrage)	Total Volumes MMBtus
2005	San Juan	EP/ Permina	4 IBP	Basin Vols				
2006	a	b	c	d	e	f	g	h
Aug-05	914,662	118,317	495,859	-		946,239	-	2,475,077
Sep-05	1,106,635	31,642	1,315,818	-	170,000	683,883	-	3,307,978
Oct-05	1,163,069	73,281	2,152,761	-	-	972,279	-	4,361,390
Nov-05	2,193,040	120,081	431,563	217,350	-	1,555,861	(8,813)	4,509,082
Dec-05	1,340,330	98,565	2,257,217	164,090	155,000	-		4,015,202
Jan-06	1,649,161	247,754	1,950,736	224,564	367,089	1,592,516	13,850	6,045,670
Feb-06	1,393,699	201,681	920,542	198,566	22,000	1,445,569	1,738	4,183,795
Mar-06	315,577	240,159	1,332,898	224,595	29,500	1,510,001	3,101	3,655,831
Apr-06	2,074,207	194,289	2,582,767	217,022	396,000	-	-	5,464,285
May-06	2,202,564	190,823	452,367	224,595	-	1,514,156	2,735	4,587,240
Jun-06	1,644,863	110,096	251,249	217,181	-	1,384,738	1,597	3,609,724
Jul-06	1,509,256	96,407	25,199	174,195	-	1,340,449	1,005	3,146,511
Totals	17,507,063	1,723,095	14,168,976	1,862,158	1,139,589	12,945,691	15,213	49,361,785

2.4 SDG&E's Market Benchmark Components:

DRA confirmed SDG&E's benchmark commodity market costs (including transport & reservation charges) of \$404,865,636 for Year 13. Based on the 49,361,785 MMBtus of gas purchased by SDG&E, the average market price was calculated by DRA to be \$8.202/MMBtu. The firm transport variable costs were \$748,797 as shown in Exhibit A-13-a. The firm transportation reservation charges were \$20,090,318. DRA confirmed that the total benchmark gas cost components costs as reported by SDG&E were \$384,026,521.

⁴ SDG&E Annual report, October 31, 2006; Section III, Page 3.

⁵ SDG&E Annual Report. PBRM Year 13 Year 13, Dated October 31, 2006, Section III, Para 1.

SDG&E's benchmark is the volume-weighted average of basin index prices with actual transportation charges for gas purchases in the Southwest Basins, plus a market index for delivered supplies purchased at the California border. DRA's Exhibit A-7-b shows the detail for the market benchmark cost components. The Average Indices (AI) for market benchmark have been identified and confirmed from the following publications: (1) Natural Gas Intelligence, (2) Inside FERC's Gas Marketing Report, and (3) Natural Gas week. The California Border Receipt point (CBI) was identified and confirmed from the following indices: Natural Gas Intelligence (Bid-Week), BTU Daily (Bid-Week) and Natural Gas Week (Monthly Average). SDG&E subscribes to these publications and the benchmark cost components were confirmed by DRA in Exhibit A-9 on a random sample basis. DRA's workpaper Exhibit A-7-b and Table 2-4 show the market benchmark components as follows:

TABLE 2-4
PBRM Benchmark Market Cost Summary Year-13
August 1, 2005 through July 31, 2006

Gas Cost Component	
El Paso San Juan	\$ 93,330,477
El Paso Permian	12,792,468
Transwestern San Juan	38,714,197
Kern River	13,075,651
AECO Canada Spot Deliveries	112,540,217
Deliveries to SoCalGas System	113,573,511
Gas Cost Component	\$ 384,026,521
 Firm Transport Variable Costs:	 \$ 748,797
Firm Transport Reservation Charges	\$ 20,090,318
 Total Benchmark Market Costs PBRM Year-13	 \$ 404,865,636

2.5 Deadband Calculation

DRA confirmed the calculation of the benchmark market deadband from the SDG&E Annual Report published on October 31, 2006. SDG&E computes a deadband from its benchmark cost component of \$384,026,523. The upper limit of the deadband at 102% of the benchmark cost is \$391,707,053. SDG&E then adds the transport cost component of \$20,839,115. These components, when added together,

form the published upper limit of the deadband for Year 13 at \$412,546,168. This market deadband is measured against the actual costs of SDG&E for Year 13, i.e., \$391,897,718, to determine the reward or penalty measurement for Year 13. DRA's Table 2-5 and workpaper Exhibit A-4 show the benchmark deadband component calculation in detail.

TABLE 2-5
Benchmark Dead Band Calculation
PBRM Year-13
August 1, 2005 through July 31, 2006

Month	Gas Cost	Gas Cost	Transport	Deadband	Purchase
Year	Component	Deadband	Cost	(d) = b+c	Gas cost
2005-2006		102%	Component		
	(a)	(b)	(c)	(d)	(e)
Aug-05	16,669,503	17,002,893	1,598,850	18,601,743	16,951,333
Sep-05	28,901,344	29,479,371	1,593,762	31,073,133	30,955,987
Oct-05	45,374,741	46,282,236	1,592,980	47,875,216	46,767,427
Nov-05	50,129,971	51,132,570	1,843,348	52,975,918	51,065,883
Dec-05	39,206,417	39,990,545	1,510,078	41,500,623	34,767,311
Jan-06	56,545,451	57,676,360	1,836,483	59,512,843	56,865,134
Feb-06	29,965,715	30,565,029	1,805,880	32,370,909	31,088,258
Mar-06	23,300,500	23,766,510	1,814,172	25,580,682	24,551,147
Apr-06	31,914,339	32,552,626	1,702,905	34,255,530	33,588,146
May-06	27,151,805	27,694,841	1,834,974	29,529,815	28,791,692
Jun-06	18,032,004	18,392,644	1,875,619	20,268,263	18,988,162
Jul-06	16,834,733	17,171,428	1,830,064	19,001,492	17,517,239
Round:					(1)
Totals:	\$ 384,026,523	\$ 391,707,053	\$ 20,839,115	\$ 412,546,168	\$ 391,897,718

2.6 Actual Gas Cost Components

SDG&E's accounting system and control for gas procurement is based on its Gas Matrix Report. This is a detailed analysis of purchased natural gas deliveries during a monthly accounting cycle. The Gas Matrix Report generates SDG&E's Journal Entry (JE) 0031. This JE is the input into and distribution out of the Accounts Payable Fuels Module system to the General Ledger System of Accounts for procurement and transportation costs. SDG&E uses this journal to record its purchased gas and transportation accruals during the accounting month, and to set up

its liability for future payments to its various suppliers. SDG&E's JE 1031 provides the final true-up adjustments of its monthly processed invoices approximately 60 to 90 days after all workpapers between Fuels Department and the Corporate Accounting Department are settled or completed. SDG&E's standard procedure is to produce JE 1031 when 95% to 99% of its invoice transactions have been paid in the accounts payable system and the current month's accrual has been reconciled to the Gas Matrix Report.

SDG&E provides the monthly detail analysis of its Gas Matrix Report to DRA on a confidential basis, which gives DRA the opportunity to estimate within very close tolerances the total gas costs incurred by SDG&E during the current months in the PBR year. DRA's Workpaper Exhibit A 13-b and Table 2-6 show the summaries and reconciliation of the actual costs reported by SDG&E.

DRA confirmed the actual purchase commodity cost of gas from SDG&E to be as follows: procurement cost (including a gain on sale from derivatives transactions) for Year 13 of \$371,058,602; interstate firm transportation cost of \$748,797 and firm variable reservation charges of \$20,090,319. This data includes Canadian path and Wheeler Ridge transport costs from the Canadian pipeline to the California border. The total actual costs under the PBR Mechanism for Year 13 were confirmed by DRA to be \$391,897,718. The natural gas volumes purchased during PBR Year 13 were also confirmed as 49,361,785 MMBtus. The net average cost of natural gas purchased for PBR Year 13 was \$7.939/MMBtu.

DRA's Exhibit A-12-b and Table 2-6 show the actual components of all SDG&E's actual gas costs for PBR Year 13.

<p align="center">TABLE 2-6</p> <p align="center">SDG&E Actual Gas Costs-PBRM Year-13</p> <p align="center">August 1, 2005 Thorough July 31, 2006</p>

El Paso San Juan	\$	90,190,553
El Paso Permian		12,154,030
Transwestern San Juan		36,591,776
AECO - Canada		110,128,123
Kern River		12,687,437
Delivered to SoCalGas System		112,087,241
Gas Commodity PBRM Year-13	\$	373,839,160
Derivative Options/Swaps		(1,614,314)
Arbitrage Gas (Gains)	\$	(1,166,244)
Total Gains from Derivatives:		(2,780,558)
Actual Commodity Subject to PBRM Year-13		371,058,602
Pipeline Variable Transportation:		
El Paso Natural Gas	\$	350,179
Transwestern Pipeline		120,050
Kern River Pipeline		117,694
A/BC to Wheeler Ridge (Canada)		148,840
Pacific Gas & Electric		12,034
Total Variable Transport Costs	\$	748,797
Pipeline Capacity Reservations-EPNG		
El Paso Pipeline Company	\$	5,263,534
EPNG Credits		(51,457)
Transwestern Pipeline Company		1,235,140
Kern River Pipeline		731,818
Sub-totals:	\$	7,179,035
Pipeline Capacity Reservation-Canadian Path		
NOVA	\$	2,111,901
ANG		1,032,177
TCPL		4,709,394
PG&E		3,984,721
Wheeler-ridge & Other Cap.Release		1,073,091
Sub-totals:	\$	12,911,284
Total Pipeline Capacity Reservation Charges	\$	20,090,319
Actual Natural Gas Charges PBRM year-13	\$	391,897,718

2.7 Interstate Firm Transportation Variable Costs

DRA confirmed SDG&E's payments relating to firm transportation variable costs for Year 13. The firm transportation variable costs were as follows: \$296,646 for El Paso-San Juan, \$53,533 for El Paso Permian, \$120,050 for Transwestern, and \$117,694 for Kern River Pipeline. The total firm transportation variable costs

amounted to \$587,923. The AECO Canada to SoCalGas Wheeler-ridge transport costs were as follows: \$148,840 for Trans-Canada and \$12,034 for PG&E. The total transport costs for Canadian gas amounted \$160,874. The total variable transport costs for both Canadian and Southwest paths as reported in SDG&E's Table G-1, Schedule-A was \$748,797. They are confirmed in DRA's Exhibit A-12-a and in Table 2-7 below:

TABLE 2-7 Schedule: Pipeline Transport charges August 1, 2005 through July 31, 2006	
El Paso Transport Charges:	
El Paso Permian	\$ 53,533
El Paso San Juan	296,646
Transwestern Pipeline	120,050
Kern River Pipeline	117,694
Transport El Paso Pipeline	\$ 587,923
A/BC to SoCalGas Wheeler Ridge	
Trans-Canada (PGT)	\$ 148,840
PG&E	12,034
A/BC to SoCalGas Wheeler Ridge	\$ 160,874
Total Transport Charges PBRM Year-13	\$ 748,797

2.8 Interstate Firm Reservation Charges

DRA confirmed the firm Capacity Transportation Reservation charges for Year 13 as follows: \$1,196,400 for El Paso Contract #9844, \$596,102 for El Paso Contract #9MDF, \$974,731 for El Paso Contract #9REL, \$1,805,191 for El Paso Contract #9R5N, \$691,110 for El Paso Contract #9RHU less a credit allowance of \$51,457 for El Paso Pipeline. The Transwestern pipeline charges were as follows: \$750,618 for TW contract #101441, \$484,522 for TW contract #101447. The Kern River pipeline reservation charges were \$731,818 for Kern River contract #7754. The Canadian Path Capacity total reservation charges were \$12,911,284. This included capacity release costs and sales in the Canadian pipeline systems of \$877,851. The total SDG&E interstate capacity firm transportation reservation charges for Year 13 were \$20,090,319. DRA confirmed the reservation charges from the analysis of spot

gas deliveries to the Table G-1, Schedule A report. DRA's Exhibit A-13-d and Table 2-8 report the summary of these reservation capacity charges below:

TABLE 2-8		
Schedule of Pipeline Capacity Reservation Charges		
PBRM year-13		
August 1, 2005 through July 31, 2006		
El Paso Transwestern Pipeline		
EP Contract 9844	\$	1,196,400
EP Contract 9MDF		596,102
EP Contract 9REL		974,731
EP Contract 9R5N		1,805,191
EP Contract 9RHU		691,110
El Paso Pipeline Credits		(51,457)
Transwestern Contract 101441		750,618
Transwestern Contract 101447		484,522
Kern River Contract 7754		731,818
Sub-total El Paso Transwestern Pipeline	\$	7,179,035
Canadian Path Reservation Charges:		
NOVA	\$	2,111,901
ANG		1,032,177
TCPL		4,709,394
PG&E		3,984,721
Wheeler Ridge (SoCalGas)		195,240
Canada Release		152,898
Louis Dreyfus Cap. Release		151,895
Tenaska Marketing Cap. Release		573,058
Canadian Path Reservation Charges:	\$	12,911,284
Transport Reservation Charges PBRM Year-13		\$ 20,090,319

2.9 Derivatives, Options and Futures Summary:

DRA's Exhibit workpaper A-8 and Table 2-9 show the complete reconciliation of financial derivatives transactions reported by SDG&E for Year 13. Some of these transactions were performed inside of the PBR mechanism, while other transactions, pursuant to the authorization granted in D.05-10-043, were performed outside to the PBR mechanism. DRA's analysis of financial back-to-back derivatives and physical arbitrage transactions as shown by the "Flowing gas," method in Exhibit A-8 are as

follows: In Year 13, SDG&E reported a total gain from all derivative transactions inside of the PBR mechanism of \$2,780,558. The individual components of SDG&E derivatives were as follows: (a) a gain of \$1,292,641 from gas-on-gas arbitrage-swaps, (b) a gain of \$321,673 from swaps, and (c) a gain of \$1,166,244 from gas arbitrage transactions. DRA confirmed these gains in Table 2-9 and workpaper Exhibit A-8. The detail of the general ledger transactions can be seen in Exhibit A-21 of this report.

<p>TABLE 2-9</p> <p>PBRM Year-13</p> <p>August 1, 2005 through July 31, 2006</p> <p>Summary of Derivatives (Gains) Loss</p>

Month Year	Derivatives Gas on Gas	Derivatives SWAPs	Arbitrage gas	Derivatives	Exempt	Derivatives
2005-2006	Arbitrage	Arbitrage	(Gain) Loss	PBRM Yr-13 Allowable	Winter-Hedge 2005-2006	Year-13 D.05-10-043
Aug-05	\$ (70,325)	\$ (73,500)		\$ (143,825)		
Sep-05	\$ (52,950)	\$ (198,173)	\$ (117,665)	\$ (368,788)		
Oct-05	\$ (85,550)	\$ (50,000)	\$ (185,475)	\$ (321,025)		
Nov-05	\$ (343,892)		\$ (640,974)	\$ (984,866)	Nov-05	\$ (2,211,009)
Dec-05	\$ (112,450)			\$ (112,450)	Dec-05	1,638,861
Jan-06	\$ (98,370)		\$ (34,946)	\$ (133,316)	Jan-06	1,791,258
Feb-06	\$ (28,100)		\$ (69,852)	\$ (97,952)	Feb-06	2,154,553
Mar-06	\$ (77,300)		\$ (76,496)	\$ (153,796)	Mar-06	3,474,855
Apr-06	(105,926)			\$ (105,926)		
May-06	(105,926)		\$ (38,202)	\$ (144,128)		
Jun-06	(105,926)		\$ 504	\$ (105,422)		
Jul-06	(105,926)		\$ (3,138)	\$ (109,064)		
Totals:	\$ (1,292,641)	\$ (321,673)	\$ (1,166,244)	\$ (2,780,558)		\$ 6,848,518

This reconciliation does not include the derivative transactions that SDG&E entered into in the context of the Commission's current Winter-Hedge program authorized by D.05-10-043, which were performed outside of SDG&E's PBR mechanism. DRA, with the concurrence of SDG&E, has included a summary of these Winter Hedge derivatives in this report in workpaper Exhibit A-8. While these transactions were performed in accordance with D.05-10-043, DRA notes that SDG&E's derivative transactions outside the PBR mechanism in Year 13 resulted in losses amounting to \$6,848,518. DRA further notes that these losses accrued exclusively to ratepayers account. SDG&E's derivative transactions inside the PBR

mechanism, on the other hand as stated above, resulted in gains of \$2,780,558 which will be shared between ratepayers and SDG&E shareholders.

2.10 SDG&E General Ledger Gas Matrix--All Costs

DRA has consistently shown the costs reported in the SDG&E general ledger allocated to core and noncore cost centers. DRA's intent is to report those costs applicable to Year 13 and report reconciliation between the gas matrices reported by SDG&E and those costs and credits specific to the PBR mechanism. The general ledger has reported all costs of \$463,251,329, of which \$446,740,104 were allocated to core and \$16,511,225 were allocated to non-core expenses. DRA's workpaper Exhibit A-17 and Table 2-10 below show the components of all costs reported in the SDG&E general ledger for the gas Year 13:

<p align="center">TABLE 2-10</p> <p align="center">General Ledger Cost of Natural Gas-Year-13</p> <p align="center">PBRM Year: August 1, 2005 through July 31, 2006</p>

Natural Gas Purchases- PBRM Year-13	Total	Core	Non-Core
El Paso / San Juan	\$ 90,522,962	\$ 90,123,522	\$ 399,440
El Paso / Permian	11,902,743	11,855,324	47,419
El Paso Other	27,376,724	27,273,743	102,981
Transwestern Pipeline	85,654,966	85,321,021	333,945
California Border	10,222,198	10,182,217	39,981
Canadian Natural Gas	80,746,169	80,398,161	348,008
Storage/Imbalance/Other	95,863,744	95,483,801	379,943
Sub-Total	\$ 402,289,506	\$ 400,637,789	\$ 1,651,717
Variable Transport Costs			
El Paso Pipeline	\$ 587,923	\$ 587,923	\$ -
Canadian Pipeline	530,001	\$ 530,001	-
Sub-Total	\$ 1,117,924	\$ 1,117,924	
Interstate Reservation Charges			
El Paso Pipeline	\$ 7,179,035	\$ 7,179,035	\$ -
Canadian Pipeline	12,542,156	\$ 12,542,156	-
Sub-Total	\$ 19,721,191	\$ 19,721,191	
Derivatives (GAAP)			
Arbitrage (Gain) Loss	\$ -		
Derivatives (Gain) Loss	63,688	\$ 62,112	\$ 1,576
Sub-Total	\$ 63,688	\$ 62,112	\$ 1,576
SoCalGas Intrastate Costs:			
Intra-State volumetric Transport Costs	\$ 26,583,588	\$ 13,670,179	\$ 12,913,409
Interstate Transition Cost Surcharges	\$ 3,707,311	1,911,328	1,795,983
Storage Charges	\$ 9,768,121	9,619,581	148,540
Sub-Total	\$ 40,059,020	\$ 25,201,088	\$ 14,857,932
General Ledger Cost of Gas -Year-13	\$ 463,251,329	\$ 446,740,104	\$ 16,511,225

2.11 Reconciliation of Accounts Payable Module to General Ledger

SDG&E's corporate accounting staff provided DRA with its closing true-up journal entries that reconcile the total SDG&E gas matrix costs that support all SDG&E gas costs (inter-state and intra-state) for Year 13. The estimated accounts payable purchase module reported \$466,960,008. The reconciliation of SDG&E total final gas costs in the general ledger in Exhibit A-16 was \$463,251,329. DRA has identified the accounts payable true-up entries in Exhibit A-16 and Table-2-11 and confirms corporate accounting's true-up adjustments for Year 13.

TABLE 2-11
Reconciliation of Accounts Payable (G-L)
PBRM Year-13
August 1, 2005 through July 31, 2006

Estimated Purchased Gas Costs for PBRM year-13	\$	466,960,008
Add:		
Gas Payable True-up for PBRM Year-13		(3,881,368)
SoCalGas Intrastate Adjustment:		109,008
Derivative (Gain) loss PBRM Year-13		63,688
Round:		(7)
Cost of Gas SDG&E General Ledger:	PBRM-Year-13	\$ 463,251,329

2.12 Reconciliation of SDG&E Gas Accounts Payable to General Ledger

SDG&E's analysis of spot gas deliveries (ASGD) revealed the gas costs for Year 13 to be \$391,897,718. SDG&E's general ledger reports all interstate and intrastate costs from the SDG&E gas matrix. Sempra energy's corporate accounting reconciled its interstate and intrastate cost and exceptions not applicable for the PBR mechanism, but reportable in the general ledger for Year 13 to be \$463,251,329.

The reconciliation between the spot gas deliveries summary and the general ledger was \$71,353,611. DRA's Exhibit A-18 and Table 2 13 shows the details by category of Year 13 differences as follows:

<p align="center">TABLE 2-12 Reconciliation of Natural Gas Costs PBRM Year-13 ASGD to General Ledger July 2006</p>
--

Cost of Gas General Ledger July 31, 2006:		\$	463,251,329
Cost of Gas - Analysis of Spot Gas Deliveries		\$	391,897,718
Cost of Gas Difference:		\$	71,353,611
Difference - Detail:			
SoCalGas Intra-state Charges:		\$	40,059,020
Financial Derivatives Method Difference	Note 1		
Financial Derivatives Difference from GAAP		\$	31,212,652
Derivatives Moved PBR Yr-12 Cleared PBR-13		\$	(10,094,350)
Derivatives Moved PBR Yr-12 To PBR-14		\$	2,364,190
Total Derivatives		\$	(7,730,160)
Gas Arbitrage BTB Swaps:			
SWAPs-05/05 Cleared 08/05		\$	(1,267,800)
SWAPs-06/05 Cleared 09/05			(573,900)
SWAPs-07//05 Cleared 10/05			(741,450)
SWAPs-03/06 Moved 08/06			1,904,958
SWAPs-03/06 Moved 09/06			1,904,958
SWAPs-03/06 Moved 10/06			5,305,661
Swaps-04/06 Moved 08/06			528,300
Swaps-05/06-Moved 09/06			947,767
SWAPs-(gains) 06/06 Moved to 09/06			(176,700)
SWAPs-06/06 (Gains) Moved to 10/06			(179,225)
Total:Arbitrage Swaps BTB:		\$	7,652,569
Other			
UEG SoCal Daily Balancing Sale-4/06	Note 2	\$	26,899
Non-Core IMB Billing by SDG&E	Note 2	\$	132,631
Total Reconciliation Difference:		\$	71,353,611

2.13 Reconciliation of Financial Derivatives to General Ledger

The financial derivatives, swaps and natural gas arbitrage reported in the general ledger is reported under GAAP rules, and the gain or loss in the portfolio is closed on contract maturity dates. The SDG&E Fuels Department has reported gains for Year 13 of \$2,780,558, while the general ledger reports from an original cost to contract maturity derivatives loss of \$63,688. DRA's Exhibit A-8 for fuels department and Exhibit A-21 show the monthly summary valuations of the two separate methods

in detail. DRA's Table 2-13 shows the General ledger transaction loss of \$63,688 for Year 13 as follows:

TABLE 2-13
Schedule of Derivatives (G-L) GAAP
August 1, 2005 through July 31, 2006

Month Year	SWAPs Arbitrage-gas	SWAPs FPS	Derivatives General Ledger
Aug-05	\$ (34,325)	\$ (395,500)	\$ (429,825)
Sep-05	118,350	1,371,477	1,489,827
Oct-05	556,000	644,000	1,200,000
Nov-05	3,950		3,950
Dec-05	20,000		20,000
Jan-06	(119,740)		(119,740)
Feb-06	(186,400)		(186,400)
Mar-06	106,974		106,974
Apr-06	(411,799)		(411,799)
May-06	(389,182)		(389,182)
Jun-06	(647,632)		(647,632)
Jul-06	(572,485)		(572,485)
Totals:	\$ (1,556,289)	\$ 1,619,977	\$ 63,688

2.14 Analysis of Imbalance Items under G-IMB Tariffs

SDG&E's Non-core tariff G-IMB tariff reconciles the purchases and sales between SDG&E under SoCalGas declared "Operational Flow Orders," (OFO) during PBRM natural gas years. SDG&E Fuels Department and the General ledger have reported that there was no non-core tariff G-IMB costs or reconciliations during Year 13.

2.15 Reconciliation of Intra-State SoCalGas Storage Charges to SDG&E

DRA audited the intra-state storage costs paid by SDG&E to SoCalGas during Year 13. They are as follows: \$9,619,581 for core intra-state storage costs, \$148,540 for non-core storage costs. Total intra-state storage costs reported by SDG&E for Year 13 were \$9,768,121. DRA Exhibit A-24 shows a detail of the costs paid to

SoCalGas for storage in Year 13. Table 2-14 shows the costs charged to the general ledger in Year 13 and the allocations between core and non-core expense groups:

Table 2-14
Schedule of Intra-State Storage Costs
August 1, 2005 through July 31, 2006

Month Year	Intra-State Natural Gas storage charges		
	Core Costs	Non-Core Costs	Intrastate Storage
Aug-05	\$ 508,779	\$ 9,767	\$ 518,546
Sep-05	594,183	9,767	603,950
Oct-05	939,326	9,767	949,093
Nov-05	478,558	9,767	488,325
Dec-05	(307,283)	9,767	(297,516)
Jan-06	85,245	9,767	95,012
Feb-06	(166,712)	9,767	(156,945)
Mar-06	475,556	9,767	485,323
Apr-06	1,899,848	17,601	1,917,449
May-06	1,815,963	17,601	1,833,564
Jun-06	1,708,301	17,601	1,725,902
Jul-06	1,587,817	17,601	1,605,418
Totals:	\$ 9,619,581	\$ 148,540	\$ 9,768,121

2.16 Reconciliation of Storage Inventory (LIFO):

DRA audited SDG&E's storage inventory balance at the end of July 31, 2005 and July 31, 2006 for Year 12 and Year 13. The inventory volumes were reported as follows: a volume of 4,871,109 MMBtus on July 31, 2005 and a volume of 6,110,864 MMBtus on July 31, 2006, for a net change of 1,239,755 MMBtus. The LIFO inventory does not include Customer-owned (CAT) inventory. DRA confirmed the storage inventory valuations as follows: \$32,819,042 on July 31, 2005 and \$39,877,458 on July 31, 2006, for a net change of \$7,058,416.

DRA Exhibit A-19 and Table 2-15 summarize the components of SDG&E's LIFO Inventory.

<p align="center">TABLE 2-15 Reconciliation of Storage Inventory (LIFO) For the Periods July 31, 2005 & 2006</p>

Description	Inventory		
		Net	Inventory
PBRM Year-13	July 31, 2005	Change	July 31, 2006
CA Commodity	\$ 28,564,646	\$ 5,794,586	\$ 34,359,232
GPIN Interstate Transport	1,492,478	560,887	2,053,365
SoCalGas Transport Costs	2,761,918	702,943	3,464,861
Storage Inventory (LIFO)	<u><u>\$ 32,819,042</u></u>	<u><u>\$ 7,058,416</u></u>	<u><u>\$ 39,877,458</u></u>
Inventory Volumes (MMBtus)	<u><u>4,871,109</u></u>	<u><u>1,239,755</u></u>	<u><u>6,110,864</u></u>

Note 1

Note 1

Inventory volumes are SDG&E only and do not include CAT (Customer owned inventory).

2.17 Reconciliation of Core Fixed Costs Balance Account Expenses

DRA reconciled the expenses reported to the Core-Fixed Cost balancing account by close of business on July 31, 2006. The costs in the fixed cost account were reported as follows: \$7,179,035 for El Paso pipeline reservation charges and \$12,542,156 for Canadian pipeline costs, for a total of \$19,721,191. DRA's audit showed that SDG&E's Table G-1, Schedule A reported El Paso and Canadian capacity charges of \$20,090,319. DRA determined that SDG&E included the difference of \$369,128, which rather than being classified as variable transport charges should have been classified as capacity reservation charges. Notwithstanding this misclassification, SDG&E has correctly accounted for the total costs of \$20,090,319.

TABLE 2-16

Summary of Core Fixed Cost Expense to Balance Account
August 1, 2005 through July 31, 2006

Month Year	EPNG Pipeline Reservation Charge	Canadian Pipeline Reservation Charges	Total Core-Fixed Cost Balance Acct.
2005-2006			
Aug-05	\$ 422,392	\$ 1,125,690	\$ 1,548,082
Sep-05	421,572	1,127,200	1,548,772
Oct-05	418,383	1,128,975	1,547,358
Nov-05	640,902	1,129,411	1,770,313
Dec-05	651,937	815,236	1,467,173
Jan-06	661,444	1,105,476	1,766,920
Feb-06	639,194	1,095,982	1,735,176
Mar-06	624,406	1,111,062	1,735,468
Apr-06	650,716	624,992	1,275,708
May-06	662,467	1,093,158	1,755,625
Jun-06	718,410	1,088,717	1,807,127
Jul-06	667,212	1,096,257	1,763,469
Totals	\$ 7,179,035	\$ 12,542,156	\$ 19,721,191
Note 1	\$ -	\$ 369,128	\$ 369,128
Exhibit A-12-5	\$ 7,179,035	\$ 12,911,284	\$ 20,090,319

Note 1 Cap. Release Cost: Shown in G-L Transport
should be G-L Reservation Charge.

2.18 Reconciliation of Purchase Gas Costs and WACOG Cost of Gas

The purchased gas monthly expenses reported to the purchase gas cost balance account at July 31, 2006 were as follows: \$391,897,719 for natural gas delivered to the SoCalGas border, \$40,059, 020 for intra-state delivery costs, less \$20,090,319 for costs chargeable to the Core-Fixed Cost balancing account. The net costs chargeable to the PGA, Weighted Average Cost of Gas (WACOG) were \$412,604,676. DRA has included the misclassified April 2006 transport capacity release tariff charge in the Core-Fixed Cost balancing account for purposes of reconciliation.

TABLE 2-17
PGA WACOG PBRM Year-13
August 1, 2005 Through July 31, 2006

Month Year 2005-2006	Cost of Gas Delivered to Border	SoCalGas Intra-state Costs	SDG&E Gas Expense Year-13	Less Core Fixed Cost Account	Total WACOG PGA BAL A/C
					(c-d)
	a	b	c	d	e
Aug-05	\$ 16,951,333	\$ 2,661,238	\$ 19,612,571	\$ 1,548,082	\$ 18,064,489
Sep-05	30,955,987	2,359,702	33,315,689	1,548,772	31,766,917
Oct-05	46,767,427	2,750,858	49,518,285	1,547,358	47,970,927
Nov-05	51,065,883	2,614,540	53,680,423	1,770,313	51,910,110
Dec-05	34,767,311	2,417,950	37,185,261	1,467,173	35,718,088
Jan-06	56,865,134	3,461,286	60,326,420	1,766,920	58,559,500
Feb-06	31,088,258	2,936,028	34,024,286	1,735,176	32,289,110
Mar-06	24,551,147	4,072,866	28,624,013	1,735,468	26,888,545
Apr-06	33,588,146	4,555,659	38,143,805	1,275,708	36,868,097
May-06	28,791,692	3,923,524	32,715,216	1,755,625	30,959,591
Jun-06	18,988,162	3,925,852	22,914,014	1,807,127	21,106,887
Jul-06	17,517,239	4,379,517	21,896,756	1,763,469	20,133,287
Note 1				369,128	369,128
Totals	\$ 391,897,719	\$ 40,059,020	\$ 431,956,739	\$ 20,090,319	\$ 412,604,676

EXB A-5	\$ 391,897,719		
ExB A-17		\$ 40,059,020	\$ 431,956,739
N-1; A-22	Misclass Item		

2.19 SDG&E's Prior Years' Accounts Payable Adjustment

There were no SDG&E Prior Years' Accounts Payable adjustments during Year 13.

2.20 Summary of Inventory Injections and Withdrawals

SDG&E has provided a summary of scheduled natural gas inventory injections and withdrawals during Year 13 as follows: Injections to inventory storage were 4,514,901 MMBtus, withdrawals from inventory storage were 3,275,146 MMBtus, for a net addition to SDG&E's inventory for Year 13 of 1,239,755 MMBtus.

TABLE 2-18
Inventory Schedule of Injections and Withdrawals
for PBRM Natural Gas Year-13
(In MMBtus)

Month	Injections	Withdrawals	Injections
Year	(MMBtus)	(MMBtus)	Withdrawals
			Net
2005 -2006			
Aug-05	40,170		40,170
Sep-05	190,356		190,356
Oct-05	782,514		782,514
Nov-05		(7,639)	(7,639)
Dec-05		(1,430,623)	(1,430,623)
Jan-06		(686,884)	(686,884)
Feb-06		(1,150,000)	(1,150,000)
Mar-06	-	-	-
Apr-06	1,138,379		1,138,379
May-06	976,264		976,264
Jun-06	802,494		802,494
Jul-06	584,724		584,724
Totals:	4,514,901	(3,275,146)	1,239,755

Inventory	July 31, 2005	4,871,109
Net Injections at 7-31-2006		1,239,755
Inventory	July 31, 2006	6,110,864

2.21 Audit Findings

- DRA confirmed that SDG&E purchased 49,361,785 MMBtus of natural gas in Year 13 at a total gas cost of \$391,897,718, resulting in an average gas price of \$7.939/MMBtu. This compares with 51,506,611 MMBtus of natural gas purchased in Year 12 at a total gas cost of \$325,726,718 for an average gas price of 6.324/MMBtu.
- DRA confirmed that benchmark market costs for PBR Year 13 were \$404,865,636. These compare with costs of \$327,865,859 for PBR Year 12 ending July 31, 2005.
- DRA confirmed that purchases from the Southwest, Rockies and Canadian gas basins accounted for 69% of SDG&E's total purchases. Border purchases accounted for the remaining 31% of SDG&E's supply portfolio.

- DRA confirmed that a permanent difference exists between the SDG&E General Ledger and the SDG&E's Year 13 Annual Report. The gain from derivatives portfolio in Year 13 was \$2,780,558. The loss from derivatives transactions reported in the General Ledger was \$63,688. The reconciliation difference between the General Ledger's Generally Accepted Accounting Procedures (GAAP) treatment and the SDG&E Fuels department "Flowing Gas Method" was therefore \$2,844,246.
- DRA confirmed that during Year 13, the fixed cost balance account was charged with \$20,090,319. These costs included firm reservation charges of \$7,179,035 paid to El Paso Pipeline, \$12,542,156 paid for Canadian path reservation charges, and \$369,128 for capacity release tariff charges that were missclassified as variable transport charges in April 2006. There were no charges to the Turn-Back Capacity Balancing Account during Year 13.
- The PGA-WACOG balance cost account was charged as follows: \$391,897,719 for the cost of purchase gas delivered to the California border, \$40,059,020 for intra-state transport and delivery charges, and a credit of \$20,090,319 for capacity reservation charges to the Core-Fixed-Cost balancing account. The total PGA WACOG expenses amounted to \$412,604,676. These costs are reconciled in the gas matrix portfolio and are reconciled to the general ledger at July 31, 2006 in the accounts payable gas matrix account.
- DRA confirmed the market benchmark components from several publications. For information on Identified Basin/Receipt Points, DRA confirmed SDG&E's information from the Natural Gas Intelligence, Inside FERC's Gas Market Report, and Natural Gas Week (Monthly) BTU Daily (Bid Week) publications. For information on California Border Receipt Points, DRA confirmed SDG&E's information from the Natural Gas Intelligence, BTU Daily (Bid Week), and Natural Gas Week, (Monthly Average) publications.
- DRA confirmed a beginning LIFO inventory at July 31, 2005 of \$32,819,042 and an ending LIFO inventory at July 31, 2006 of \$39,877,458. The storage volumes at July 31, 2005 were 4,871,109 MMBtus and the storage volumes at July 31, 2006 were 6,110,864 MMBtus.

- Other costs reported by SDG&E which were not part of the Year 13 costs were (a) UEG SoCalGas Daily Balancing Sale of \$26,899, (b) non-core IMB Billing by SDG&E of \$132,631, and (c) Derivative losses of \$6,848,518 under the Commission's D.05-10-043 Winter Hedge program. None of these accounts enter into the sharing and reward mechanism for Year 13.
- DRA confirmed SDG&E's calculation of a shareholder reward of \$2,281,913 and recommends that SDG&E's recovery of this amount be approved.

<p style="text-align: center;">Appendix A PBRM Year-13 August 1, 2005 Through July 31, 2006 Audit Workpaper Exhibit</p>

File No.	Audit Workpaper Description	Workpaper Exhibit
1	SDG&E Table G-1 Average Indices	A-1
2	SDG&E Table G-1; Schedule A: Calculation of PBR reward	A-2
3	Year 13 Reward Computation	A-3
4	Year 13 Deadband Calculation	A-4
5	Actual Gas Cost Summary	A-5-a
6	Firm Variable Transportation Costs	A-5-b
7	Firm Reservation Transportation Charges	A-6
8	Benchmark Market Costs	A-7-a
9	Benchmark Market Cost Components	A-7-b
10	Summary of Gains/Losses from Derivatives using "Flowing Gas Method"	A-8
11	Average Index AI and California CBI	A-9
11	Actual Delivered Volumes	A-10
12	Analysis of Spot Gas Deliveries	A-11
13	ASGD- Variable Pipeline Transport Charges	A-12-a
14	ASGD Actual Gas Cost Components Table 2-6	A-12-b
15	ASGD Monthly Summary of Actual Gas Delivered Costs	A-12-c
16	Reconciliation of Accounts Payable to General Ledger	A-16
17	SDG&E General Ledger Matrix	A-17
18	General Ledger Reconciliation of Accounts Payable to Matrix costs	A-18
19	Reconciliation of Storage Inventory	A-19
20	Summary of Inventory Injection Volumes and Withdrawals	A-20
21	Reconciliation of Derivatives under GAAP Rules	A-21
22	Reconciliation of Core Fixed Cost Balancing Account	A-22
23	Reconciliation of PGA Weighted Average Balance Account	A-23
24	Schedule of IntraState Storage costs	A-24

San Diego Gas and Electric Company
Table G-1 Monthly Gas Procurement Report
Schedule A-Average INDICES
August 1, 2005 - July 31, 2006

MONTH 2005-2006	Permian TW	San Juan TW	Permian EP	San Juan EP	AECO (Canada)	CBI	Benchmark Index	Gas Cost
Aug-05	\$ 6.7200	\$ 6.4533	\$ 7.2833	\$ 6.4533	\$ 6.1496	\$ 6.8933	\$ 7.3809	\$ 6.8488
Sep-05	\$ 8.3533	\$ 8.3700	\$ 8.9967	\$ 8.3700	\$ 8.5079	\$ 8.7133	\$ 9.3527	\$ 9.3580
Oct-05	\$ 9.8333	\$ 9.7633	\$ 10.0767	\$ 9.7633	\$ 10.2354	\$ 10.4000	\$ 10.7581	\$ 10.7231
Nov-05	\$ 10.7850	\$ 10.8250	\$ 10.7800	\$ 10.8250	\$ 10.9842	\$ 9.6450	\$ 11.5039	\$ 11.3251
Dec-05	\$ 8.0650	\$ 8.4450	\$ 8.4600	\$ 8.4450	\$ 9.3887	\$ 10.3800	\$ 10.1406	\$ 8.6589
Jan-06	\$ 8.3600	\$ 8.7050	\$ 8.6600	\$ 8.7050	\$ 10.5133	\$ 8.5650	\$ 9.6790	\$ 9.4059
Feb-06	\$ 6.5900	\$ 6.6950	\$ 6.7600	\$ 6.6950	\$ 7.2604	\$ 6.9300	\$ 7.5971	\$ 7.4306
Mar-06	\$ 6.1000	\$ 6.0950	\$ 6.0600	\$ 6.0950	\$ 6.3990	\$ 6.2050	\$ 6.8756	\$ 6.7156
Apr-06	\$ 5.5700	\$ 5.5650	\$ 5.7000	\$ 5.5650	\$ 6.0145	\$ 5.9000	\$ 6.1522	\$ 6.1469
May-06	\$ 5.7300	\$ 5.6900	\$ 5.8850	\$ 5.6900	\$ 5.8514	\$ 5.6900	\$ 6.3228	\$ 6.2765
Jun-06	\$ 4.8950	\$ 4.7600	\$ 5.0700	\$ 4.7600	\$ 4.8997	\$ 5.4150	\$ 5.5174	\$ 5.2603
Jul-06	\$ 5.1200	\$ 5.0800	\$ 5.3500	\$ 5.0800	\$ 5.2284	\$ 5.6950	\$ 5.9338	\$ 5.5672

Schedule A, G-1
Summary of average Index
PBRM Year-13
Aug-2005 to Jul-2006

TABLE 2-2
SDG&E Table G-1, Schedule A Summary
Gas PBRM Results for Year-13
August 1, 2005 Through July 31, 2006

Month 2005-2006	Total Gas	Benchmark	2%	Gas Commodity	1%	Total	Cummulative	Cummulative
	Cost	Cost	Deadband	Benchmark	Tolerance Ban	savings	Shared	Reward
	a	b	c	d	e	f	i	j
Aug-05	\$ 16,951,333	\$ 18,268,353	\$ 18,601,743	\$ 16,669,503	\$ 166,695	\$ 1,317,020	\$ 1,150,325	\$ 287,581
Sep-05	30,955,987	30,495,106	31,073,133	28,901,344	289,013	(460,881)	\$ 400,431	100,108
Oct-05	46,767,427	46,967,722	47,875,217	45,374,741	453,747	200,295	\$ 146,978	36,745
Nov-05	51,065,883	51,973,319	52,975,919	50,129,971	501,300	907,436	\$ 553,114	138,279
Dec-05	34,767,312	40,716,495	41,500,623	39,206,417	392,064	5,949,183	\$ 6,110,233	586,884
Jan-06	56,865,133	58,381,934	59,512,843	56,545,451	565,455	1,516,801	\$ 7,061,580	1,765,395
Feb-06	31,088,257	31,771,594	32,370,909	29,965,715	299,657	683,337	\$ 7,445,260	1,861,315
Mar-06	24,551,147	25,114,671	25,580,681	23,300,500	233,005	563,524	\$ 7,775,779	1,943,945
Apr-06	33,588,146	33,617,243	34,255,530	31,914,339	319,143	29,097	\$ 7,485,732	1,871,433
May-06	28,791,692	28,986,779	29,529,815	27,151,805	271,518	195,087	\$ 7,409,301	1,852,325
Jun-06	18,988,162	19,907,623	20,268,263	18,032,004	180,320	919,461	\$ 8,148,442	276,579
Jul-06	17,517,239	18,664,797	19,001,492	16,834,733	168,347	1,147,558	\$ 9,127,653	2,281,913
Totals:	\$ 391,897,718	\$ 404,865,636	\$ 412,546,168	\$ 384,026,523	\$ 3,840,265	\$ 12,967,918	\$ 9,127,653	\$ 2,281,913

Calculation of
PBR Reward (Penalty)
PBRM Year-13
Aug-2005 Jul-2006

<p align="center">TABLE 2-1</p> <p align="center">Gas PBRM Results for 2005-2006</p> <p align="center">PBRM Year-13, Table II</p> <p align="center">August 1, 2005 Through July 31, 2006</p>
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	Purchased Volumes	Year-13 Results
Gas PBR Benchmark	\$	404,865,636
SDG&E Gas Costs		391,897,718
Benchmark Deadband		412,546,168
Gas Commodity Benchmark		384,026,523
Total Savings	\$	12,967,918
1% Lower Tolerance Band		3,840,265
Shared Savings		9,127,653
SDG&E Shareholder Reward		2,281,913
Ratepayers Savings:		10,686,005
Total Savings Proof:	49,361,785 \$	12,967,918

TABLE 2-5
Benchmark Dead Band Calculation
PBRM Year-13
August 1, 2005 through July 31, 2006

Month	Gas Cost	Gas Cost	Transport	Deadband	Purchase	Shared	SDG&E
Year	Component	Deadband	Cost	(d) = b+c	Gas cost	Costs	Penalty @
2005-2006		102%	Component				50%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Aug-05	16,669,503	17,002,893	1,598,850	18,601,743	16,951,333	0	0
Sep-05	28,901,344	29,479,371	1,593,762	31,073,133	30,955,987	0	0
Oct-05	45,374,741	46,282,236	1,592,980	47,875,216	46,767,427	0	0
Nov-05	50,129,971	51,132,570	1,843,348	52,975,918	51,065,883	0	0
Dec-05	39,206,417	39,990,545	1,510,078	41,500,623	34,767,311	0	0
Jan-06	56,545,451	57,676,360	1,836,483	59,512,843	56,865,134	0	0
Feb-06	29,965,715	30,565,029	1,805,880	32,370,909	31,088,258	0	0
Mar-06	23,300,500	23,766,510	1,814,172	25,580,682	24,551,147	0	0
Apr-06	31,914,339	32,552,626	1,702,905	34,255,530	33,588,146	0	0
May-06	27,151,805	27,694,841	1,834,974	29,529,815	28,791,692	0	0
Jun-06	18,032,004	18,392,644	1,875,619	20,268,263	18,988,162	0	0
Jul-06	16,834,733	17,171,428	1,830,064	19,001,492	17,517,239	0	0
Round:	(1)						
Totals:	\$ 384,026,523	\$ 391,707,053	\$ 20,839,115	\$ 412,546,168	\$ 391,897,718	\$ -	\$ -
			N-1	N-2			

Note 1 Table G-1 Deadband: \$412,546,168

Note 2 table G-1 Actual Gas cost: \$391,897,718

Deaband Calculation
PBRM year-13
Aug-2005-Jul-2006

San Diego Gas and Electric Company
PBRM Year-13
August 1, 2005 Through July 31, 2006
Table G-1, Sch A P: Actual Gas Cost Summary

Month Year	Purchase Gas Cost						Purchase	Total	Total	Misc	Actual	Actual	Gas Cost
	El Paso	El Paso	Transwestern	Kern River	AECO	Deliveries	Gas	Transport	Transport	Costs	Purchase	Purchase	Per
	San Juan	Permian	San Juan	Pipeline	Canada	to SoCalGas	Costs	Costs	Reservation	Sch:	Gas Cost	Volumes	MMBtus
Aug-05	\$ 5,358,414	\$ 643,113	\$ 264,238	\$ -	\$ 5,314,964	\$ 3,915,579	\$ 15,496,308	\$ 50,768	\$ 1,548,082	\$ (143,825)	\$ 16,951,333	2,475,077	\$ 6.8488
Sep-05	9,243,908	359,101	-	-	14,064,838	6,063,166	\$ 29,731,013	44,990	1,548,772	(368,788)	\$ 30,955,987	3,307,978	\$ 9.3580
Oct-05	11,880,513	873,867	-	-	13,051,605	19,689,487	\$ 45,495,472	45,622	1,547,358	(321,025)	\$ 46,767,427	4,361,390	\$ 10.7231
Nov-05	14,110,236	1,361,211	10,808,256	2,360,673	17,480,838	4,086,187	\$ 50,207,401	73,035	1,770,313	(984,866)	\$ 51,065,883	4,509,082	\$ 11.3251
Dec-05	4,862,885	424,955	4,359,367	1,203,928	12,100	22,506,448	\$ 33,369,683	42,905	1,467,173	(112,450)	\$ 34,767,311	4,015,202	\$ 8.6589
Jan-06	11,672,826	2,203,823	2,576,985	1,984,465	17,062,147	19,661,721	\$ 55,161,967	69,563	1,766,920	(133,316)	\$ 56,865,134	6,045,670	\$ 9.4059
Feb-06	3,949,422	1,399,601	5,613,967	1,351,712	10,582,874	6,482,754	\$ 29,380,330	70,703	1,735,177	(97,952)	\$ 31,088,258	4,183,795	\$ 7.4306
Mar-06	1,971,508	1,495,899	-	1,395,558	9,808,980	8,218,826	\$ 22,890,771	78,704	1,735,468	(153,796)	\$ 24,551,147	3,655,831	\$ 6.7156
Apr-06	7,087,664	1,136,479	4,851,090	1,244,625	5,496	17,665,813	\$ 31,991,167	58,071	1,644,834	(105,926)	\$ 33,588,146	5,464,285	\$ 6.1469
May-06	7,136,048	1,177,434	5,932,431	1,307,380	9,109,965	2,437,588	\$ 27,100,846	79,349	1,755,625	(144,128)	\$ 28,791,692	4,587,240	\$ 6.2765
Jun-06	6,044,847	566,623	1,590,959	1,050,139	6,743,664	1,221,733	\$ 17,217,965	68,492	1,807,127	(105,422)	\$ 18,988,162	3,609,724	\$ 5.2603
Jul-06	6,872,283	511,925	594,483	788,957	6,890,652	137,939	\$ 15,796,239	66,595	1,763,469	(109,064)	\$ 17,517,239	3,146,511	\$ 5.5672
Round:													
Totals:	\$ 90,190,554	\$ 12,154,031	\$ 36,591,776	\$ 12,687,437	\$ 110,128,123	\$ 112,087,241	\$ 373,839,162	\$ 748,797	\$ 20,090,318	\$ (2,780,558)	\$ 391,897,719	49,361,785	\$ 7.9393
Note 1 & Note 2							A-5	A-5-1	A-6-2	Note 1 Note 2			
Table G-1	\$ 391,897,719												
SDG&E Annual report Page 3, October 31, 2006; 49,361,785 MMBtus													

Table G-1, Sch-A
Actual Gas Cost Summary
PBRM Year-13

San Diego Gas and Electric Company
PBRM Year-13
August 1, 2005 Through July 31, 2006
Detail of FIRM Variable Transportation Costs

Month Year	Firm Transportation Variable Costs						Firm Variable
	El Paso San Juan	El Paso Permian	Total El Paso	Kern River Pipeline	Transwestern San Juan	AECO Canada	Transport Costs Yr.13
Aug-05	\$ 24,878	\$ 8,728	\$ 33,606	\$ -	\$ -	\$ 17,162	\$ 50,768
Sep-05	\$ 24,654	\$ 4,128	\$ 28,782	\$ -	\$ -	\$ 16,208	\$ 44,990
Oct-05	\$ 24,852	\$ 4,527	\$ 29,379	\$ -	\$ -	\$ 16,243	\$ 45,622
Nov-05	\$ 24,410	\$ 4,790	\$ 29,200	\$ 13,062	\$ 17,246	\$ 13,527	\$ 73,035
Dec-05	\$ 15,319	\$ 3,882	\$ 19,201	\$ 9,862	\$ 13,842	\$ -	\$ 42,905
Jan-06	\$ 25,809	\$ 4,907	\$ 30,716	\$ 13,496	\$ 8,361	\$ 16,990	\$ 69,563
Feb-06	\$ 23,443	\$ 4,360	\$ 27,803	\$ 11,934	\$ 16,615	\$ 14,351	\$ 70,703
Mar-06	\$ 26,083	\$ 4,829	\$ 30,912	\$ 13,498	\$ 18,415	\$ 15,879	\$ 78,704
Apr-06	\$ 24,878	\$ 3,848	\$ 28,726	\$ 13,737	\$ 15,608	\$ -	\$ 58,071
May-06	\$ 25,855	\$ 4,558	\$ 30,413	\$ 14,217	\$ 18,361	\$ 16,358	\$ 79,349
Jun-06	\$ 27,305	\$ 2,104	\$ 29,409	\$ 13,747	\$ 8,562	\$ 16,774	\$ 68,492
Jul-06	\$ 29,160	\$ 2,872	\$ 32,032	\$ 14,141	\$ 3,040	\$ 17,382	\$ 66,595
Totals:	\$ 296,646	\$ 53,533	\$ 350,179	\$ 117,694	\$ 120,050	\$ 160,874	\$ 748,797

Note 1 A-5

San Diego Gas and Electric Company
Detail of Firm Transportation Reserervation Charges
PBRM Year-13
August 1, 2005 Through July 31, 2006

Month	El Paso	El Paso	El Paso	El Paso	El Paso	El Paso	El Paso	AECO	Kern	Transwestern	PBRM Yr-13	G-L
Year	#9844	#9MDf	#9R5N	#9REL	#9RHU	Credits	Transportation	Canada	River	Pipeline	Vari-Transport	Reservation
							Reservation	Reservation	Pipeline	Reservation	Reservation	Charges
Aug-05	\$ 96,353	\$ 35,036	\$ 151,782	\$ 81,942	\$ 58,135	\$ (856)	\$ 422,392	\$ 1,125,690			\$ 1,548,082	\$ 1,548,082
Sep-05	97,027	35,037	151,764	81,941	58,134	(2,331)	421,572	1,127,200			1,548,772	1,548,772
Oct-05	97,136	35,037	151,764	81,942	58,135	(5,631)	418,383	1,128,975			1,547,358	1,547,358
Nov-05	91,720	34,939	151,764	81,941	58,134	-	418,498	1,129,411	\$ 80,420	\$ 141,984	1,770,313	1,770,313
Dec-05	97,136	35,037	151,764	81,941	58,135	(1,893)	422,120	815,236	83,100	146,717	1,467,173	1,467,173
Jan-06	105,578	38,635	149,479	80,724	57,211	-	431,627	1,105,476	83,100	146,717	1,766,920	1,766,920
Feb-06	105,567	38,635	149,479	80,724	57,212	-	431,617	1,095,982	75,058	132,519	1,735,176	1,735,176
Mar-06	105,536	38,635	149,479	80,724	57,212	(36,997)	394,589	1,111,062	83,100	146,717	1,735,468	1,735,468
Apr-06	100,545	44,116	149,479	80,716	57,204	(3,749)	428,311	994,119	80,420	141,984	1,644,834	1,275,708
May-06	100,525	44,725	149,479	80,717	57,204	-	432,650	1,093,158	83,100	146,717	1,755,625	1,755,625
Jun-06	100,486	108,135	149,479	80,709	57,197	-	496,006	1,088,717	80,420	141,984	1,807,127	1,807,127
Jul-06	98,790	108,135	149,479	80,710	57,197	-	494,311	1,096,257	83,100	89,801	1,763,469	1,763,469
Totals:	\$ 1,196,399	\$ 596,102	\$ 1,805,191	\$ 974,731	\$ 691,110	\$ (51,457)	\$ 5,212,076	\$ 12,911,283	\$ 731,818	\$ 1,235,140	\$ 20,090,317	\$ 19,721,191
											N-1	N-2-G-L
Note 1	A-5	\$ 20,090,317										
Note 2	A-22-G-L	\$ 19,721,191										

(369,126)

TABLE 2-4

PBRM Benchmark Market Cost Summary Year 13

August 1, 2005 through July 31, 2006 (YTD)

YTD 12 Months

III. Month Year	El Paso San Juan	El Paso Permian	TW San Juan	Kern river	AECO Canada Spot	Sub-toal IBRP Costs	Deliveries SoCalGas System	Gas Cost Component	Firm Transport (Var.-Cost	Firm Transport. Res. Chg.	Total Benchmark Gas Costs
Aug-05	\$ 5,898,722	\$ 903,496	\$ 285,631	\$ -	\$ 6,163,533	\$ 13,251,382	\$ 3,418,121	\$ 16,669,503	\$ 50,768	\$ 1,548,082	\$ 18,268,353
Sep-05	\$ 9,634,858	\$ 327,460	\$ -	\$ -	\$ 13,692,728	\$ 23,655,046	\$ 5,246,298	\$ 28,901,344	\$ 44,990	\$ 1,548,772	\$ 30,495,106
Oct-05	\$ 12,129,956	\$ 836,817	\$ -	\$ -	\$ 13,190,495	\$ 26,157,268	\$ 19,217,474	\$ 45,374,742	\$ 45,622	\$ 1,547,358	\$ 46,967,722
Nov-05	\$ 13,942,774	\$ 1,338,710	\$ 10,757,734	\$ 2,371,714	\$ 17,556,613	\$ 45,967,545	\$ 4,162,425	\$ 50,129,971	\$ 73,035	\$ 1,770,313	\$ 51,973,319
Dec-05	\$ 6,292,100	\$ 864,679	\$ 5,571,479	\$ 1,439,346	\$ -	\$ 14,167,605	\$ 25,038,812	\$ 39,206,417	\$ 42,905	\$ 1,467,173	\$ 40,716,495
Jan-06	\$ 11,657,039	\$ 2,205,098	\$ 3,173,025	\$ 2,027,904	\$ 17,630,213	\$ 36,693,280	\$ 19,852,171	\$ 56,545,451	\$ 69,563	\$ 1,766,920	\$ 58,381,934
Feb-06	\$ 4,149,017	\$ 1,429,479	\$ 5,680,192	\$ 1,360,887	\$ 10,814,324	\$ 23,433,899	\$ 6,531,816	\$ 29,965,715	\$ 70,703	\$ 1,735,177	\$ 31,771,594
Mar-06	\$ 1,977,054	\$ 1,495,929	\$ -	\$ 1,397,846	\$ 9,975,991	\$ 14,846,820	\$ 8,453,680	\$ 23,300,500	\$ 78,704	\$ 1,735,468	\$ 25,114,671
Apr-06	\$ 7,100,112	\$ 1,138,033	\$ 4,871,635	\$ 1,229,834	\$ -	\$ 14,339,613	\$ 17,574,725	\$ 31,914,339	\$ 58,071	\$ 1,644,834	\$ 33,617,243
May-06	\$ 7,124,645	\$ 1,156,247	\$ 5,899,074	\$ 1,307,380	\$ 9,090,491	\$ 24,577,837	\$ 2,573,968	\$ 27,151,805	\$ 79,349	\$ 1,755,625	\$ 28,986,779
Jun-06	\$ 6,223,090	\$ 566,625	\$ 1,785,314	\$ 1,058,294	\$ 7,038,167	\$ 16,671,491	\$ 1,360,513	\$ 18,032,004	\$ 68,492	\$ 1,807,127	\$ 19,907,623
Jul-06	\$ 7,201,110	\$ 529,895	\$ 690,113	\$ 882,446	\$ 7,387,662	\$ 16,691,225	\$ 143,508	\$ 16,834,733	\$ 66,595	\$ 1,763,469	\$ 18,664,797
Totals	\$ 93,330,477	\$ 12,792,468	\$ 38,714,197	\$ 13,075,651	\$ 112,540,217	\$ 270,453,011	\$ 113,573,511	\$ 384,026,524	\$ 748,797	\$ 20,090,318	\$ 404,865,636

OK

Note 1 Table G-1 Sch-. Benchmark \$'s \$ 404,865,636

GCIM year-13
Benchmark Market Costs
April 2005 - March 2006

TABLE 2-4
PBRM Benchmark Market Cost Summary Year-13
August 1, 2005 through July 31, 2006

Gas Cost Component	
El Paso San Juan	\$ 93,330,477
El Paso Permian	12,792,468
Transwestern San Juan	38,714,197
Kern River	13,075,651
AECO Canada Spot Deliveries	112,540,217
Deliveries to SoCalGas System	113,573,511
Gas Cost Component	\$ 384,026,521
Firm Transport Variable Costs:	\$ 748,797
Firm Transport Reservation Charges	\$ 20,090,318
Total Benchmark Market Costs PBRM Year-13	\$ 404,865,636

Table 2-4
Summary of
Benchmark Market
Cost Component

TABLE 2-9
PBRM Year-13
August 1, 2005 through July 31, 2006
Summary of Derivatives (Gains) Loss

Month Year	Derivatives Gas on Gas	Derivatives SWAPs	Arbitrage gas	Derivatives PBRM Yr-13	Exempt Winter-Hedge	Derivatives Year-13
2005-2006	Arbitrage	Arbitrage	(Gain) Loss	Allowable	2005-2006	D.05-10-043
Aug-05	\$ (70,325)	\$ (73,500)		\$ (143,825)		
Sep-05	\$ (52,950)	\$ (198,173)	\$ (117,665)	\$ (368,788)		
Oct-05	\$ (85,550)	\$ (50,000)	\$ (185,475)	\$ (321,025)		
Nov-05	\$ (343,892)		\$ (640,974)	\$ (984,866)	Nov-05	\$ (2,211,009)
Dec-05	\$ (112,450)			\$ (112,450)	Dec-05	1,638,861
Jan-06	\$ (98,370)		\$ (34,946)	\$ (133,316)	Jan-06	1,791,258
Feb-06	\$ (28,100)		\$ (69,852)	\$ (97,952)	Feb-06	2,154,553
Mar-06	\$ (77,300)		\$ (76,496)	\$ (153,796)	Mar-06	3,474,855
Apr-06	(105,926)			\$ (105,926)		
May-06	(105,926)		\$ (38,202)	\$ (144,128)		
Jun-06	(105,926)		\$ 504	\$ (105,422)		
Jul-06	(105,926)		\$ (3,138)	\$ (109,064)		
Totals:	\$ (1,292,641)	\$ (321,673)	\$ (1,166,244)	\$ (2,780,558)		\$ 6,848,518

Note 1

Note 2

Exhibit A-5	\$ (2,780,558)	ASGD
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Note 1 Derivatives under PBRM Year-13

Note 2 Derivatives Under D.05-10-043 Exempt from PBRM year-13

Winter Hedge under the 2005-2006 Plan.

SDGE PBRM
Year-13
Derivatives (Gains) Loss
Aug-2005 - July 2006

San Diego Gas and Electric Company

PBRM Year-13

August 1, 2005 - July 31, 2006

Average Index AI and CBI

Identified Basin/Receipt Points: AI & CBI								
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI	
Aug-05	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.	
NGI	\$ 5.9500	\$ 6.7800	\$ 5.9500	\$ 6.2700	\$ 6.2447	NGI	6.36	
Inside FERC	\$ 5.9700	\$ 6.7600	\$ 5.9700	\$ 6.2700	\$ 6.1140	BTU	6.36	
NGW	\$ 7.4400	\$ 8.3100	\$ 7.4400	\$ 7.6200	\$ 6.0900	NGW	7.96	
Index AI	\$ 6.4533	\$ 7.2833	\$ 6.4533	\$ 6.7200	\$ 6.1496	CBI	\$ 6.8933	ok

Identified Basin/Receipt Points: AI & CBI								
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI	
Sep-05	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.	
NGI	\$ 8.0400	\$ 8.6100	\$ 8.0400	\$ 8.0500	\$ 8.0577	NGI	\$ 8.28	
Inside FERC	\$ 8.0300	\$ 8.6100	\$ 8.0300	\$ 8.0700	\$ 8.8160	BTU	\$ 8.30	
NGW	\$ 9.0400	\$ 9.7700	\$ 9.0400	\$ 8.9400	\$ 8.6500	NGW	\$ 9.56	
Index AI	\$ 8.3700	\$ 8.9967	\$ 8.3700	\$ 8.3533	\$ 8.5079	CBI	\$ 8.7133	ok

Identified Basin/Receipt Points: AI & CBI								
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI	
Oct-05	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.	
NGI	\$ 9.5200	\$ 9.7900	\$ 9.5200	\$ 9.6000	\$ 9.8974	NGI	\$ 10.20	
Inside FERC	\$ 9.5200	\$ 9.8000	\$ 9.5200	\$ 9.6400	\$ 10.4088	BTU	\$ 10.21	
NGW	\$ 10.2500	\$ 10.6400	\$ 10.2500	\$ 10.2600	\$ 10.4000	NGW	\$ 10.79	
Index AI	\$ 9.7633	\$ 10.0767	\$ 9.7633	\$ 9.8333	\$ 10.2354	CBI	\$ 10.4000	ok

SDGE PBRM Year-13

Average Index AI CBI

Aug-2005 - Jul--2006

San Diego Gas and Electric Company
PBRM Year-13
August 1, 2005 - July 31, 2006
Average Index AI and CBI

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Nov-05	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 10.8300	\$ 10.8100	\$ 10.8300	\$ 10.7700	\$ 10.9429	NGI	\$ 11.57
Inside FERC	\$ 10.8200	\$ 10.7500	\$ 10.8200	\$ 10.8000	\$ -	BTU	\$ 7.72
Index AI	\$ 10.8250	\$ 10.7800	\$ 10.8250	\$ 10.7850	\$ 10.9429	CBI	\$ 9.6450

ok

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Dec-05	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 8.4500	\$ 8.4700	\$ 8.4500	\$ 8.0300	\$ 9.3887	NGI	\$ 9.22
Inside FERC	\$ 8.4400	\$ 8.4500	\$ 8.4400	\$ 8.1000	\$ -	BTU	\$ 11.54
Index AI	\$ 8.4450	\$ 8.4600	\$ 8.4450	\$ 8.0650	\$ 9.3887	CBI	\$ 10.3800

ok

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Jan-06	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 8.7100	\$ 8.6600	\$ 8.7100	\$ 8.3600	\$ 10.5133	NGI	\$ 9.42
Inside FERC	\$ 8.7000	\$ 8.6600	\$ 8.7000	\$ 8.3600	\$ -	BTU	\$ 7.71
Index AI	\$ 8.7050	\$ 8.6600	\$ 8.7050	\$ 8.3600	\$ 10.5133	CBI	\$ 8.5650

ok

San Diego Gas and Electric Company

PBRM Year-13

August 1, 2005 - July 31, 2006

Average Index AI and CBI

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Feb-06	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 6.7000	\$ 6.7700	\$ 6.7000	\$ 6.5900	\$ 7.2604	NGI	\$ 7.05
Inside FERC	\$ 6.6900	\$ 6.7500	\$ 6.6900	\$ 6.5900	-	BTU	\$ 6.81
Index AI	\$ 6.6950	\$ 6.7600	\$ 6.6950	\$ 6.5900	\$ 7.2604	CBI	\$ 6.9300

ok

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Mar-06	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 6.0900	\$ 6.0600	\$ 6.0900	\$ 6.0900	\$ 6.3990	NGI	\$ 6.44
Inside FERC	\$ 6.1000	\$ 6.0600	\$ 6.1000	\$ 6.1100	-	BTU	\$ 5.97
Index AI	\$ 6.0950	\$ 6.0600	\$ 6.0950	\$ 6.1000	\$ 6.3990	CBI	\$ 6.2050

ok

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Apr-06	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 5.5600	\$ 5.7000	\$ 5.5600	\$ 5.5700	\$ 6.0145	NGI	\$ 5.90
Inside FERC	\$ 5.5700	\$ 5.7000	\$ 5.5700	\$ 5.5700	-	BTU	\$ 5.90
Index AI	\$ 5.5650	\$ 5.7000	\$ 5.5650	\$ 5.5700	\$ 6.0145	CBI	\$ 5.9000

ok

SDGE PBRM Year-13
Average Index AI CBI
Aug-2005 - Jul--2006

San Diego Gas and Electric Company
PBRM Year-13
August 1, 2005 - July 31, 2006
Average Index AI and CBI

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
May-06	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 5.6900	\$ 5.8900	\$ 5.6900	\$ 5.7100	\$ 5.8514	NGI	\$ 5.98
Inside FERC	\$ 5.6900	\$ 5.8800	\$ 5.6900	\$ 5.7500	\$ -	NGW	\$ 5.40
Index AI	\$ 5.6900	\$ 5.8850	\$ 5.6900	\$ 5.7300	\$ 5.8514	CBI	\$ 5.6900

ok

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Jun-06	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 4.7600	\$ 5.0700	\$ 4.7600	\$ 4.9000	\$ 4.8997	NGI	\$ 5.08
Inside FERC	\$ 4.7600	\$ 5.0700	\$ 4.7600	\$ 4.8900	\$ -	NGW	\$ 5.75
Index AI	\$ 4.7600	\$ 5.0700	\$ 4.7600	\$ 4.8950	\$ 4.8997	CBI	\$ 5.4150

ok

Identified Basin/Receipt Points: AI & CBI							
Month of	El Paso	El Paso	Transwestern	Transwestern	AECO	CBI	CBI
Jul-06	San Juan	Permian	San Juan	Permian	Canada	Ref	Receipt Pt.
NGI	\$ 5.0800	\$ 5.3500	\$ 5.0800	\$ 5.1200	\$ 5.2284	NGI	\$ 5.49
Inside FERC	\$ 5.0800	\$ 5.3500	\$ 5.0800	\$ 5.1200	\$ -	NGW	\$ 5.90
Index AI	\$ 5.0800	\$ 5.3500	\$ 5.0800	\$ 5.1200	\$ 5.2284	CBI	\$ 5.6950

ok

SDGE PBRM Year-13
Average Index AI CBI
Aug-2005 - Jul--2006

TABLE 2-3
Summary: Table G-2, Schedule B, Monthly Procurement Volumes
August 1, 2005 through July 31, 2006
PBRM Year-13 in MMBtus

Month	Basin Vols.	Basin Vols	Southwest	Kern	California	Canada	All	Total
Year	EP/TW	Volumes	Other than	River			Other	Volumes
2005	San Juan	EP/ Permina	4 IBP	Basin Vols			(Arbitrage)	MMBtus
2006	a	b	c	d	e	f	g	h
Aug-05	914,662	118,317	495,859	-		946,239	-	2,475,077
Sep-05	1,106,635	31,642	1,315,818	-	170,000	683,883	-	3,307,978
Oct-05	1,163,069	73,281	2,152,761	-	-	972,279	-	4,361,390
Nov-05	2,193,040	120,081	431,563	217,350	-	1,555,861	(8,813)	4,509,082
Dec-05	1,340,330	98,565	2,257,217	164,090	155,000	-		4,015,202
Jan-06	1,649,161	247,754	1,950,736	224,564	367,089	1,592,516	13,850	6,045,670
Feb-06	1,393,699	201,681	920,542	198,566	22,000	1,445,569	1,738	4,183,795
Mar-06	315,577	240,159	1,332,898	224,595	29,500	1,510,001	3,101	3,655,831
Apr-06	2,074,207	194,289	2,582,767	217,022	396,000	-	-	5,464,285
May-06	2,202,564	190,823	452,367	224,595	-	1,514,156	2,735	4,587,240
Jun-06	1,644,863	110,096	251,249	217,181	-	1,384,738	1,597	3,609,724
Jul-06	1,509,256	96,407	25,199	174,195	-	1,340,449	1,005	3,146,511
Totals	17,507,063	1,723,095	14,168,976	1,862,158	1,139,589	12,945,691	15,213	49,361,785

Note 1 SDG&E Annual Report: 49,361,785
SDG&E Annual Report Page 3, October 31, 2006

SDGE
Table G-2
PBRM Year-13
Actual Delivered Volumes

San Diego Gas & Electric Company
Analysis of Spot Gas Deliveries
PBRM Year-13
August 1, 2005 through July 31, 2006

Month	Gas PBR	Gas	Gas	Pipeline	Pipeline	Commodity	SoCalGas	GAS	Adjustments	SDG&E
Year	Transactions	Derivatives	Commodity	Transport	Reservation	Costs	Intrastate	Expense	PBRM	General
2005-2006	SDG&E	Completed	Costs	Charges	Charges	CA Border	Charges	SDG&E	G-L	Ledger
Aug-05	\$ 15,496,308	\$ (143,825)	\$ 15,352,483	\$ 50,768	\$ 1,548,082	\$ 16,951,333	\$ 2,661,238	\$ 19,612,571	\$ (300,926)	\$ 19,311,645
Sep-05	\$ 29,613,348	\$ (251,123)	\$ 29,362,225	\$ 44,990	\$ 1,548,772	\$ 30,955,987	\$ 2,359,702	\$ 33,315,689	\$ 3,111,253	\$ 36,426,942
Oct-05	\$ 45,309,997	\$ (135,550)	\$ 45,174,447	\$ 45,622	\$ 1,547,358	\$ 46,767,427	\$ 2,750,858	\$ 49,518,285	\$ 8,622,500	\$ 58,140,785
Nov-05	\$ 49,566,427	\$ (343,892)	\$ 49,222,535	\$ 73,035	\$ 1,770,313	\$ 51,065,883	\$ 2,614,540	\$ 53,680,423	\$ 943,250	\$ 54,623,673
Dec-05	\$ 33,369,683	\$ (112,450)	\$ 33,257,233	\$ 42,905	\$ 1,467,173	\$ 34,767,312	\$ 2,417,950	\$ 37,185,261	\$ 1,139,545	\$ 38,324,806
Jan-06	\$ 55,127,020	\$ (98,370)	\$ 55,028,650	\$ 69,563	\$ 1,766,920	\$ 56,865,133	\$ 3,461,286	\$ 60,326,419	\$ 784,758	\$ 61,111,177
Feb-06	\$ 29,310,478	\$ (28,100)	\$ 29,282,378	\$ 70,703	\$ 1,735,176	\$ 31,088,257	\$ 2,936,028	\$ 34,024,285	\$ 300,646	\$ 34,324,931
Mar-06	\$ 22,814,275	\$ (77,300)	\$ 22,736,975	\$ 78,704	\$ 1,735,468	\$ 24,551,147	\$ 4,072,866	\$ 28,624,013	\$ 16,919,683	\$ 45,543,696
Apr-06	\$ 31,991,166	\$ (105,926)	\$ 31,885,240	\$ 58,071	\$ 1,644,835	\$ 33,588,146	\$ 4,555,659	\$ 38,143,805	\$ 358,304	\$ 38,502,109
May-06	\$ 27,062,644	\$ (105,926)	\$ 26,956,718	\$ 79,349	\$ 1,755,625	\$ 28,791,692	\$ 3,923,524	\$ 32,715,216	\$ 664,423	\$ 33,379,639
Jun-06	\$ 17,218,469	\$ (105,926)	\$ 17,112,543	\$ 68,492	\$ 1,807,127	\$ 18,988,162	\$ 3,925,852	\$ 22,914,014	\$ (541,981)	\$ 22,372,033
Jul-06	\$ 15,793,101	\$ (105,926)	\$ 15,687,175	\$ 66,595	\$ 1,763,469	\$ 17,517,239	\$ 4,379,517	\$ 21,896,756	\$ (822,491)	\$ 21,074,265
GL Trueup	\$ 1,166,244	\$ (1,166,244)	\$ -						\$ 115,628	\$ 115,628
Totals:	\$ 372,672,916	\$ (2,780,558)	\$ 371,058,602	\$ 748,797	\$ 20,090,318	\$ 391,897,718	\$ 40,059,020	\$ 431,956,737	\$ 31,294,592	\$ 463,251,329
	N-5	N-4		N-2	N-3	N-1				N-6

Note 2	Pipeline Transport El Paso & TW	\$ 748,797
Note 3	Reservation-El Paso, Canada WR.	\$ 20,090,319
Note 4	Gas Derivatives Table G-1	\$ (2,780,558)
Note 5	Gas PBR Transactions	\$ 373,839,160
Note 1	Table G-1 Actual Gas Cost	\$ 391,897,718
N-6	General Ledger Matrix	\$ 463,251,329

<p>TABLE 2-7</p> <p>Schedule: Pipeline Transport charges</p> <p>August 1, 2005 through July 31, 2006</p>
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El Paso Transport Charges:	
El Paso Permian	\$ 53,533
El Paso San Juan	296,646
Transwestern Pipeline	120,050
Kern River Pipeline	117,694
Transport El Paso Pipeline	\$ 587,923
A/BC to SoCalGas Wheeler Ridge	
Trans-Canada (PGT)	\$ 148,840
PG&E	12,034
A/BC to SoCalGas Wheeler Ridge	\$ 160,874
Total Transport Charges PBRM Year-13	\$ 748,797
Exhibit A-5-1	\$ 748,797

TABLE 2-6	
SDG&E Actual Gas Costs-PBRM Year-13	
August 1, 2005 Thorough July 31, 2006	
El Paso San Juan	\$ 90,190,553
El Paso Permian	12,154,030
Transwestern San Juan	36,591,776
AECO - Canada	110,128,123
Kern River	12,687,437
Delivered to SoCalGas System	112,087,241
Gas Commodity PBRM Year-13	\$ 373,839,160
Derivative Options/Swaps	(1,614,314)
Arbitrage Gas (Gains)	\$ (1,166,244)
Total Gains from Derivatives:	(2,780,558)
Actual Commodity Subject to PBRM Year-13	371,058,602
Pipeline Variable Transportation:	
El Paso Natural Gas	\$ 350,179
Transwestern Pipeline	120,050
Kern River Pipeline	117,694
A/BC to Wheeler Ridge (Canada)	148,840
Pacific Gas & Electric	12,034
Total Variable Transport Costs	\$ 748,797
Pipeline Capacity Reservations-EPNG	
El Paso Pipeline Company	\$ 5,263,534
EPNG Credits	(51,457)
Transwestern Pipeline Company	1,235,140
Kern River Pipeline	731,818
Sub-totals:	\$ 7,179,035
Pipeline Capacity Reservation-Canadian Path	
NOVA	\$ 2,111,901
ANG	1,032,177
TCPL	4,709,394
PG&E	3,984,721
Wheeler-ridge & Other Cap.Release	1,073,091
Sub-totals:	\$ 12,911,284
Total Pipeline Capacity Reservation Charges	\$ 20,090,319
Actual Natural Gas Charges PBRM year-13	\$ 391,897,718

Table 2-6
Actual Gas Components
PBRM Year-13
Aug-2006 - Jul-2006

San Diego Gas and Electric Company
Cost of Gas Delivered to CA Border-PBRM Year-13

August 1, 2005 Through July 31, 2006													
Commodity Purchases:	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Commodity
El Paso San Juan	\$ 5,358,414	\$ 9,243,908	\$ 11,880,513	\$ 14,110,236	\$ 4,862,885	\$ 11,672,826	\$ 3,949,422	\$ 1,971,508	\$ 7,087,664	\$ 7,136,048	\$ 6,044,847	\$ 6,872,283	\$ 90,190,554
El Paso Permian	643,113	359,101	873,867	1,361,211	424,955	2,203,823	1,399,601	1,495,899	1,136,479	1,177,434	566,623	511,925	12,154,031
Transwestern San Juan	264,238	-	-	10,808,256	4,359,367	2,576,985	5,613,967	-	4,851,090	5,932,431	1,590,959	594,483	36,591,776
AECO Canada	5,314,964	14,064,838	13,051,605	17,480,838	12,100	17,062,147	10,582,874	9,808,980	5,496	9,109,965	6,743,664	6,890,652	110,128,123
Kern River	-	-	-	2,360,673	1,203,928	1,984,465	1,351,712	1,395,558	1,244,625	1,307,380	1,050,139	788,957	12,687,437
Delivered to SoCalGas System:	3,915,579	6,063,166	19,689,487	4,086,187	22,506,448	19,661,721	6,482,754	8,218,826	17,665,813	2,437,588	1,221,733	137,939	112,087,241
Gas PBR Transactions:	\$ 15,496,308	\$ 29,731,013	\$ 45,495,472	\$ 50,207,401	\$ 33,369,683	\$ 55,161,967	\$ 29,380,330	\$ 22,890,771	\$ 31,991,167	\$ 27,100,846	\$ 17,217,965	\$ 15,796,239	\$ 373,839,162
Gas Derivatives - Current	(70,325)	(52,950)	(85,550)	(343,892)	(112,450)	(98,370)	(28,100)	(77,300)	(105,926)	(105,926)	(105,926)	(105,926)	\$ (1,292,641)
Derivatives Complete	(73,500)	(198,173)	(50,000)	-	-	-	-	-	-	-	-	-	(321,673)
Arb.Derivatives (gain) Loss	-	(117,665)	(185,475)	(640,974)	-	(34,946)	(69,852)	(76,496)	-	(38,202)	\$ 504	(3,138)	(1,166,244)
Derivative Transactions Yr:13	(143,825)	(368,788)	(321,025)	(984,866)	(112,450)	(133,316)	(97,952)	(153,796)	(105,926)	(144,128)	(105,422)	(109,064)	(2,780,558)
Gas Commodity Subject-PBR:	\$ 15,352,483	\$ 29,362,225	\$ 45,174,447	\$ 49,222,535	\$ 33,257,233	\$ 55,028,651	\$ 29,282,378	\$ 22,736,975	\$ 31,885,241	\$ 26,956,718	\$ 17,112,543	\$ 15,687,175	\$ 371,058,604
Variable Transport Costs:													
EPNG-San Juan & Permian	\$ 33,606	\$ 28,782	\$ 29,379	\$ 29,200	\$ 19,201	\$ 30,716	\$ 27,803	\$ 30,912	\$ 28,726	\$ 30,413	\$ 29,409	\$ 32,032	\$ 350,179
Tranwestern Pipeline				17,246	13,842	8,361	16,615	18,415	15,608	18,361	8,562	3,040	120,050
Kern River				13,062	9,862	13,496	11,934	13,498	13,737	14,217	13,747	14,141	117,694
PG&E	1,125	753	1,070	503	-	1,442	1,198	1,192	-	1,403	1,612	1,736	12,034
A/BC to Wheeler Ridge	\$ 16,037	\$ 15,455	\$ 15,173	\$ 13,024	\$ -	\$ 15,548	\$ 13,153	\$ 14,687	\$ -	\$ 14,955	\$ 15,162	\$ 15,646	148,840
Total Variable Transport Costs	\$ 50,768	\$ 44,990	\$ 45,622	\$ 73,035	\$ 42,905	\$ 69,563	\$ 70,703	\$ 78,704	\$ 58,071	\$ 79,349	\$ 68,492	\$ 66,595	\$ 748,797
Pipeline Reservation Charges													
El Paso Natural Gas	\$ 423,248	\$ 423,903	\$ 424,014	\$ 418,498	\$ 424,013	\$ 431,627	\$ 431,607	\$ 431,586	\$ 432,061	\$ 432,650	\$ 496,006	\$ 494,311	\$ 5,263,524
Pipeline Credits	(856)	(2,331)	(5,631)	-	(1,893)	-	-	(36,997)	(3,749)	-	-	-	(51,457)
Transwestern Pipeline Company	-	-	-	141,984	146,717	146,717	132,529	146,717	141,984	146,717	141,984	89,801	1,235,150
Kern River Pipeline Company	-	-	-	80,420	83,100	83,100	75,058	83,100	80,420	83,100	80,420	83,100	731,818
EPNG Reservation Charges:	\$ 422,392	\$ 421,572	\$ 418,383	\$ 640,902	\$ 651,937	\$ 661,444	\$ 639,194	\$ 624,406	\$ 650,716	\$ 662,467	\$ 718,410	\$ 667,212	\$ 7,179,035
Canadian Path Reservation Chg.													
NOVA	\$ 223,567	\$ 225,002	\$ 225,872	\$ 226,554	\$ 15,288	\$ 206,888	\$ 201,670	\$ 210,583	\$ -	\$ 192,331	\$ 189,831	\$ 194,315	\$ 2,111,901
ANG	95,022	95,632	96,001	96,291	6,261	105,893	103,222	107,784	1,966	108,132	106,726	109,247	1,032,177
TCPL	406,986	406,986	406,986	406,986	236,486	406,986	406,986	406,986	403,048	406,986	406,986	406,986	4,709,394
PG&E	383,533	383,533	383,533	383,533	235,827	369,127	369,127	369,127	-	369,127	369,127	369,127	3,984,721
Wheeler-ridge & Other Cap.Rel.	16,582	16,047	16,583	16,047	321,375	16,582	14,977	16,582	589,105	16,582	16,047	16,582	1,073,091
Canadian-W.R Reservations	\$ 1,125,690	\$ 1,127,200	\$ 1,128,975	\$ 1,129,411	\$ 815,237	\$ 1,105,476	\$ 1,095,982	\$ 1,111,062	\$ 994,119	\$ 1,093,158	\$ 1,088,717	\$ 1,096,257	\$ 12,911,284
Total Pipeline Reservation Charges	\$ 1,548,082	\$ 1,548,772	\$ 1,547,358	\$ 1,770,313	\$ 1,467,174	\$ 1,766,920	\$ 1,735,176	\$ 1,735,468	\$ 1,644,835	\$ 1,755,625	\$ 1,807,127	\$ 1,763,469	\$ 20,090,319
Round:													\$ (2)
Actual Gas Cost PBRM-Yr-13	\$ 16,951,333	\$ 30,955,987	\$ 46,767,427	\$ 51,065,883	\$ 34,767,312	\$ 56,865,134	\$ 31,088,257	\$ 24,551,147	\$ 33,588,147	\$ 28,791,692	\$ 18,988,162	\$ 17,517,239	\$ 391,897,718
Table G-1 Sch A	\$ 391,897,718												

Summary of Actual Gas Cost
Delivered to CA Border
PBRM Year-13

TABLE 2-11
Reconciliation of Accounts Payable (G-L)
PBRM Year-13
August 1, 2005 through July 31, 2006

Estimated Purchased Gas Costs for PBRM year-13	\$	466,960,008
Add:		
Gas Payable True-up for PBRM Year-13		(3,881,368)
SoCalGas Intrastate Adjustment:		109,008
Derivative (Gain) loss PBRM Year-13		63,688
Round:		(7)
Cost of Gas SDG&E General Ledger:	PBRM-Year-13	\$ 463,251,329

Accounts Payable
Gas Cost
to
General Ledger
Year-13

<p align="center">TABLE 2-10</p> <p align="center">General Ledger Cost of Natural Gas-Matrix Year-13</p> <p align="center">PBRM Year: August 1, 2005 through July 31, 2006</p>
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Natural Gas Purchases- PBRM Year-13	Total	Core	Non-Core
El Paso / San Juan	\$ 90,522,962	\$ 90,123,522	\$ 399,440
El Paso / Permian	11,902,743	11,855,324	47,419
El Paso Other	27,376,724	27,273,743	102,981
Transwestern Pipeline	85,654,966	85,321,021	333,945
California Border	10,222,198	10,182,217	39,981
Canadian Natural Gas	80,746,169	80,398,161	348,008
Storage/Imbalance/Other	95,863,744	95,483,801	379,943
Sub-Total	\$ 402,289,506	\$ 400,637,789	\$ 1,651,717
Variable Transport Costs			
El Paso Pipeline	\$ 587,923	\$ 587,923	\$ -
Canadian Pipeline	530,001	\$ 530,001	-
Sub-Total	\$ 1,117,924	\$ 1,117,924	
Interstate Reservation Charges			
El Paso Pipeline	\$ 7,179,035	\$ 7,179,035	\$ -
Canadian Pipeline	12,542,156	\$ 12,542,156	-
Sub-Total	\$ 19,721,191	\$ 19,721,191	
Derivatives (GAAP)			
Arbitrage (Gain) Loss	\$ -		
Derivatives (Gain) Loss	63,688	\$ 62,112	\$ 1,576
Sub-Total	\$ 63,688	\$ 62,112	\$ 1,576
SoCalGas Intrastate Costs:			
Intra-State volumetric Transport Costs	\$ 26,583,588	\$ 13,670,179	\$ 12,913,409
Interstate Transition Cost Surcharges	\$ 3,707,311	1,911,328	1,795,983
Storage Charges	\$ 9,768,121	9,619,581	148,540
Sub-Total	\$ 40,059,020	\$ 25,201,088	\$ 14,857,932
General Ledger Cost of Gas -Year-13	\$ 463,251,329	\$ 446,740,104	\$ 16,511,225

General Ledger
PBRM year-13
Cost of Gas

<p align="center">TABLE 2-12</p> <p align="center">Reconciliation of Accounts Payable to Natural Gas Matrix Costs</p> <p align="center">PBRM Year-13 ASGD to General Ledger July 2006</p>

Cost of Gas General Ledger July 31, 2006:		\$	463,251,329
Cost of Gas - Analysis of Spot Gas Deliveries		\$	391,897,718
Cost of Gas Difference:		\$	71,353,611
Difference - Detail:			
SoCalGas Intra-state Charges:		\$	40,059,020
Financial Derivatives Method Difference	Note 1		
Financial Derivatives Difference from GAAP		\$	31,212,652
Derivatives Moved PBR Yr-12 Cleared PBR-13		\$	(10,094,350)
Derivatives Moved PBR Yr-12 To PBR-14		\$	2,364,190
Total Derivatives		\$	(7,730,160)
Gas Arbitrage BTB Swaps:			
SWAPs-05/05 Cleared 08/05		\$	(1,267,800)
SWAPs-06/05 Cleared 09/05			(573,900)
SWAPs-07//05 Cleared 10/05			(741,450)
SWAPs-03/06 Moved 08/06			1,904,958
SWAPs-03/06 Moved 09/06			1,904,958
SWAPs-03/06 Moved 10/06			5,305,661
Swaps-04/06 Moved 08/06			528,300
Swaps-05/06-Moved 09/06			947,767
SWAPs-(gains) 06/06 Moved to 09/06			(176,700)
SWAPs-06/06 (Gains) Moved to 10/06			(179,225)
Total:Arbitrage Swaps BTB:		\$	7,652,569
Other			
UEG SoCal Daily Balancing Sale-4/06	Note 2	\$	26,899
Non-Core IMB Billing by SDG&E	Note 2	\$	132,631
Total Reconciliation Difference:		\$	71,353,611

Cost of Gas
Reconciliation ASGD
to
General Ledger

<p align="center">TABLE 2-15 Reconciliation of Storage Inventory (LIFO) For the Periods July 31, 2005 & 2006</p>

Description		Inventory	Net	Inventory
PBRM Year-13		July 31, 2005	Change	July 31, 2006
CA Commodity	\$	28,564,646	\$ 5,794,586	\$ 34,359,232
GPIN Interstate Transport		1,492,478	560,887	2,053,365
SoCalGas Transport Costs		2,761,918	702,943	3,464,861
Storage Inventory (LIFO)	\$	<u><u>32,819,042</u></u>	<u><u>\$ 7,058,416</u></u>	<u><u>\$ 39,877,458</u></u>
Inventory Volumes (MMBtus)		<u><u>4,871,109</u></u>	<u><u>1,239,755</u></u>	<u><u>6,110,864</u></u>

Note 1

Note 1

Inventory volumes are SDG&E only and do not include CAT (Customer owned inventory).

Reconciliation of
Storage Inventory
July 31, 2005
July 31, 2006

TABLE 2-18
Inventory Schedule of Injections and Withdrawals
for PBRM Natural Gas Year-13
(In MMBtus)

Month Year	Injections (MMBtus)	Withdrawals (MMBtus)	Injections
			Withdrawals Net
2005 -2006			
Aug-05	40,170		40,170
Sep-05	190,356		190,356
Oct-05	782,514		782,514
Nov-05		(7,639)	(7,639)
Dec-05		(1,430,623)	(1,430,623)
Jan-06		(686,884)	(686,884)
Feb-06		(1,150,000)	(1,150,000)
Mar-06	-	-	-
Apr-06	1,138,379		1,138,379
May-06	976,264		976,264
Jun-06	802,494		802,494
Jul-06	584,724		584,724
Totals:	4,514,901	(3,275,146)	1,239,755

Inventory	July 31, 2005	4,871,109
Net Injections at 7-31-2006		1,239,755
Inventory	July 31, 2006	6,110,864

SDG Inventory
Injections-Withdrawals
PBRM year-13
July 31, 2006

TABLE 2-13
Schedule of Derivatives (G-L) GAAP
August 1, 2005 through July 31, 2006

Month	SWAPs		Derivatives
Year	Arbitrage-gas	FPS	General Ledger
Aug-05	\$ (34,325)	\$ (395,500)	\$ (429,825)
Sep-05	118,350	1,371,477	1,489,827
Oct-05	556,000	644,000	1,200,000
Nov-05	3,950		3,950
Dec-05	20,000		20,000
Jan-06	(119,740)		(119,740)
Feb-06	(186,400)		(186,400)
Mar-06	106,974		106,974
Apr-06	(411,799)		(411,799)
May-06	(389,182)		(389,182)
Jun-06	(647,632)		(647,632)
Jul-06	(572,485)		(572,485)
Totals:	<u>\$ (1,556,289)</u>	<u>\$ 1,619,977</u>	<u>\$ 63,688</u>
Exhibit A-8	\$ (2,780,558)		
Source	Workbook		
G-L	\$63,688		

Summary of
Derivatives Transactions
General Ledger
(Not Winter Hedge)

TABLE 2-16

Summary of Core Fixed Cost Expense to Balance Account
August 1, 2005 through July 31, 2006

Month Year	EPNG Pipeline Reservation Charge	Canadian Pipeline Reservation Charges	Total Core-Fixed Cost Balance Acct.
Aug-05	\$ 422,392	\$ 1,125,690	\$ 1,548,082
Sep-05	421,572	1,127,200	1,548,772
Oct-05	418,383	1,128,975	1,547,358
Nov-05	640,902	1,129,411	1,770,313
Dec-05	651,937	815,236	1,467,173
Jan-06	661,444	1,105,476	1,766,920
Feb-06	639,194	1,095,982	1,735,176
Mar-06	624,406	1,111,062	1,735,468
Apr-06	650,716	624,992	1,275,708
May-06	662,467	1,093,158	1,755,625
Jun-06	718,410	1,088,717	1,807,127
Jul-06	667,212	1,096,257	1,763,469
Totals	<u>\$ 7,179,035</u>	<u>\$ 12,542,156</u>	<u>\$ 19,721,191</u>
Note 1	<u>\$ -</u>	<u>\$ 369,128</u>	<u>\$ 369,128</u>
Exhibit A-12-5	<u>\$ 7,179,035</u>	<u>\$ 12,911,284</u>	<u>\$ 20,090,319</u>

Note 1 Cap. Release Cost: Shown in G-L Transport
should be G-L Reservation Charge.

Summary of
Gas Expense to
Core-Fixed Cost
Balance Account
Aug-2005 Through Jul-200 6

San Diego Gas and Electric Company

TABLE 2-17
PGA WACOG PBRM Year-13
August 1, 2005 Through July 31, 2006

Month Year 2005-2006	Cost of Gas Delivered to Border	SoCalGas Intra-state Costs	SDG&E Gas Expense Year-13	Less Core Fixed Cost Account	Total WACOG PGA BAL A/C
	a	b	c	d	(c-d) e
Aug-05	\$ 16,951,333	\$ 2,661,238	\$ 19,612,571	\$ 1,548,082	\$ 18,064,489
Sep-05	30,955,987	2,359,702	33,315,689	1,548,772	31,766,917
Oct-05	46,767,427	2,750,858	49,518,285	1,547,358	47,970,927
Nov-05	51,065,883	2,614,540	53,680,423	1,770,313	51,910,110
Dec-05	34,767,311	2,417,950	37,185,261	1,467,173	35,718,088
Jan-06	56,865,134	3,461,286	60,326,420	1,766,920	58,559,500
Feb-06	31,088,258	2,936,028	34,024,286	1,735,176	32,289,110
Mar-06	24,551,147	4,072,866	28,624,013	1,735,468	26,888,545
Apr-06	33,588,146	4,555,659	38,143,805	1,275,708	36,868,097
May-06	28,791,692	3,923,524	32,715,216	1,755,625	30,959,591
Jun-06	18,988,162	3,925,852	22,914,014	1,807,127	21,106,887
Jul-06	17,517,239	4,379,517	21,896,756	1,763,469	20,133,287
Note 1				369,128	369,128
Totals	\$ 391,897,719	\$ 40,059,020	\$ 431,956,739	\$ 20,090,319	\$ 412,604,676

EXB A-5	\$ 391,897,719		
ExB A-17		\$ 40,059,020	\$ 431,956,739

N-1; A-22 Misclass Item

Cost of PGA WACOG
for
PBRM Year-13
Aug-2005 through Jul-2006

Table 2-14
Schedule of Intra-State Storage Costs
August 1, 2005 through July 31, 2006

Month Year	Intra-State Natural Gas storage charges		
	Core Costs	Non-Core Costs	Intrastate Storage
Aug-05	\$ 508,779	\$ 9,767	\$ 518,546
Sep-05	594,183	9,767	603,950
Oct-05	939,326	9,767	949,093
Nov-05	478,558	9,767	488,325
Dec-05	(307,283)	9,767	(297,516)
Jan-06	85,245	9,767	95,012
Feb-06	(166,712)	9,767	(156,945)
Mar-06	475,556	9,767	485,323
Apr-06	1,899,848	17,601	1,917,449
May-06	1,815,963	17,601	1,833,564
Jun-06	1,708,301	17,601	1,725,902
Jul-06	1,587,817	17,601	1,605,418
Totals:	\$ 9,619,581	\$ 148,540	\$ 9,768,121

Table 2-14
Core and Non-core
Intra-state Storage Costs